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The French Distribution Industry and the Openness of the French Economy

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**THE FRENCH DISTRIBUTION INDUSTRY AND THE OPENNESS
OF THE FRENCH ECONOMY**

This paper forms part of an OECD project which addressed the issue of the structure and change in the distribution systems of seven OECD countries.

This paper gives an overview of the structure, policy and performance of the French distribution system for the period 1970-90. This analysis is then put into the perspective of international competition. It also draws some recommendations for future policy in this area.

* * *

Ce document fait partie d'un projet de l'OCDE qui avait pour objet l'analyse de la structure et des changements dans les systèmes de distribution dans sept pays de l'OCDE.

Cette étude donne une vue d'ensemble de la structure, politique et performance dans le secteur de la distribution en France sur la période 1970-90. Cette analyse est alors mise en perspective de la compétition sur les marchés internationaux. Sont alors discutées quelques recommandations de politique économique dans le secteur de la distribution.

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The French Distribution Industry
and the Openness of the French Economy

Patrick A. Messerlin
Institut d'Etudes Politiques de Paris
6 April 1992

Introduction

The paper aims at providing a first assessment of the degree of openness of the French distribution by looking at two questions. Are the French markets for distribution services open to competition from foreign distributors? Has the French distribution created obstacles to the openness of the French markets for goods?

The first question is closely related to the efficiency of the French distribution system. An efficient distribution system is unlikely to create many barriers to entry --including barriers which would be discriminatory against foreign distributors. Efficiency requires a high level of competition in domestic markets and is likely to favor exports of efficient services to foreign markets. The second question examines the French distribution system as a possible non-tariff barrier per se against imports of goods. This is an independent issue from efficiency. The French distribution system could be efficient although it would be limited to sell French goods, and it could be inefficient even if it sells foreign as well as French goods.

The paper is organized as follows. Section 1 presents an overview of the evolution of the French wholesale and retail sectors during the two last decades. It underlines the massive changes in size and structures which have started in the early 1960s and developed since then in the retail distribution sector and which --in turn-- have had a large impact on the wholesale industry and on the manufacturing sector. Section 2 shows that these successive changes have been accompanied by substantial changes in the legal and regulatory environment which have played a crucial rôle in the evolution of the French distribution system. Quite logically, legal changes have begun in the retail industry --the first to experience upheavals-- before being increasingly concerned by the relations between retailers, wholesalers and manufacturers. In both cases, the question of these laws and regulations as obstacles to trade and openness is raised. Section 3 examines the performances of the French distribution system which are the combined result of the economic forces described in Section 1 and the regulatory constraints analyzed in Section 2. It tries to assess the extent to which these performances constitute an incentive or an obstacle to the openness of the French distribution sector. Lastly, Section 4 looks at the increasingly important aspects of direct international competition between distributors. As often in the case of services, it focuses on competition taking the form of flows of capital and/or

labor between countries. It is in this context that the question of the rôle of the French distribution system in the opening of the French markets for goods is examined.

Section 1. The French distribution sector

This Section reviews the main features of the evolution of the French distribution system and it spells out the massive structural changes experienced by the retail industry during the two last decades.

1.1. Major evolutions of the distribution sectors in the French economy

Table 1 presents the evolution of four crucial variables which allow to assess the rôle --and its changes-- of the whole distribution system in the French economy during the two last decades.

The value added shares of the distribution sectors in the French GNP provide estimates of the economic weight of these sectors. During the 1970s and 1980s, the weight of the whole distribution sector has been relatively stable, as a result of a small decrease of the weight of the retail industry compensated by a small increase of the weight of the wholesale sector. However, during the late 1970s and early 1980s, there was a decline of the value added shares of both the wholesale and retail trades.

Interpreting changes of value added shares is difficult because such changes may reflect two alternative evolutions (or a combination of these two evolutions). They may mirror changes in the relative price of the services provided by the distributors with respect to the price of the goods and services produced by the whole economy. Or they may reflect changes in the relative importance in physical outputs --that is, the borderline between the distribution services produced by the firms outside the distribution sectors and the services directly produced by the "distributors." For the two decades concerned, national account data do not suggest dramatic changes in terms of relative prices: the price of the value added in distribution relative to the price of the value added in the whole economy is relatively stable (though national account data suggest a slight decrease in this "relative price" during the late 1970s and afterwards).

The shares of labor --self-employed and employed-- in value added are interesting because they offer a marked contrast with the value added shares. They exhibit a constantly increasing trend over the two decades, although a peak may have been reached in the mid-1980s.

This evolution has often been seen as supporting the idea of the distribution sectors as a safe harbor for employment during difficult economic periods. However, that labor shares of the distribution sectors show a steady growth whereas value added shares show no marked changes does not support the argument of the counter-cyclical capacity of the distribution sectors. It may merely reflect differences in labor markets faced by the distribution sectors and the other sectors. Indeed, disaggregated data for wholesale and retail industries show that the labor share of the retail industry is quite flat, whereas the labor share of the wholesale industry is increasing until 1981,

and then stable. In both cases, there are no peaks corresponding to the worst periods of recession, that is, no evidence of a simple counter-cyclical evolution.

The shares of wages (including social payments) of the distribution sectors can be usefully combined with the corresponding labor shares in order to get some information on the relative wages in the two sectors.^{1/} Table 1 provides two major lessons.

First, wages in the distribution sectors are more flexible than the wages in the whole French economy. Table 1 shows that this flexibility is concentrated in the retail industry. The relative wage in retailing has substantially declined in the late 1970s and early 1980s. This evolution allows to reconcile the various observations mentioned above. When the distribution sectors have been hurt by the economic slowdown of the late 1970s and early 1980s (as the manufacturing sectors) they have been able to maintain more jobs than the manufacturing sector because their wages have been more flexible than those of the rest of the economy. In other words, the "counter-cyclical" argument is merely a manifestation of the relative stickiness of the wages in the distribution sectors vis-à-vis the wages in the rest of the economy.

Second, relative wages in the two main distribution sectors are quite different. Wages in the wholesale sector represent roughly the double of the wages in the retail sector. This feature is likely to play a crucial rôle in the capital-intensity and in the investment pattern of the two distribution sectors, hence, in the ways and means of international competition in each of the two sectors.

Lastly, Table 1 presents the evolution of the share of the operating surplus of the distribution sectors --where operating surplus is defined as "excédent brut d'exploitation" that is, value added minus wages (including social payments) and production taxes. The operating surplus shares give an insight on what is left for the costs related to past borrowing, investments, and profits. The whole distribution sector has an operating surplus share (relative to the whole economy) higher than its value added share (relative to the whole economy), suggesting that it has been able to keep more funds for profits and investment than the rest of the economy. However, this feature seems to be undergoing substantial changes since the early 1980s, with a marked decline of the operating surplus share of the whole distribution sector.

This global evolution for the whole distribution sector corresponds to two quite distinct evolutions for the wholesale and retail sectors. The operating surplus share of the wholesale distribution has declined, and by more than the value added share, showing decreasing resources left for investments and profits. Since the mid-1980s, the operating surplus of the wholesale industry is lower than the corresponding surplus for the whole

^{1/}Relative wages are obtained by dividing wage shares by labor shares.

economy. By contrast, the operating surplus of the retail industry which has also declined --but by less than the value added-- is still higher than the economy level.

1.2. Structural changes in the retail industry

The global evolutions described by national account data mirror the massive structural changes in the French retail industry during the two last decades.

Each type of retail stores provides a different bundle of retail services by combining various production factors in different production fonctions. Production factors refer not only to those implemented by the retailers --such as space, labor and capital-- but also to those used by the consumers --such as the amount of time, cars and freezers invested by the French consumers for shopping. During the two last decades, the French retail industry has experienced a continuous flow of technical progress, as best illustrated by the emergence of "supermarkets" (defined as stores with a surface between 400 and 2500 square meters) and "hypermarkets" (defined as stores with a surface larger than 2500 square meters), and their progressive integration in electronic networks allowing quicker referencing (buying and selling) of an always larger range of products. There are several ways to present these profound changes.

First, these technological changes have required the emergence of new firms, as shown by Table 2 for the period 1977-1991. Most of the firms operating supermarkets and hypermarkets in the non-specialized food (and non-food since the 1980s, as shown below) retail industry did not exist thirty years ago, or they were marginal firms. For instance, the four largest firms operating hypermarkets are ITM, Leclerc, Promodès, and Carrefour (altogether representing almost half of the total surface in hyper- and supermarkets, that is, respectively 17, 12, 10, and 10 percent) were created since the 1950s --except Promodès. This emergence of firms operating super- and hypermarkets has been characterized by a very uneven growth. Years characterized by large increases in the number of firms operating super- and hypermarkets (1979, 1983, 1985, 1986, and 1988 for supermarkets, 1979, 1983, 1984, 1986, and 1987 for hypermarkets) have been followed by years of quasi-stagnation (for instance, 1980 and 1981). At a first glance, this feature is in sharp contrast with the steady growth shown by Table 1. Reconciling the two evolutions suggests a strong substitution between the new forms of retail stores and the more traditional types of stores. Indeed, Table 2 shows a strong decline of the number of the independent stores operating in the non-specialized food activity.

Second, the importance of the ongoing changes requires a description in terms of number of outlets and square meters associated with the growth of super- and hypermarkets. On the one hand, the evolution in terms of total outlets or in terms of total surfaces provided by Table 3 confirms the picture of the evolution in terms of firms given by Table 2 --in particular, the uneven growth of the super- and hypermarkets which has had to be compensated

by uneven declines in other parts of the retail industry. On the other hand, Table 3 shows ups and downs much less marked when one looks at the surface criteria --and even more so when one looks at the criteria of the number of outlets-- as shown by the variances for the common years of observation 1978-1988.

This difference is interesting because it allows to underline how the "market" for super- and hypermarkets --as illustrated by the number of firms operating these new stores-- has been relatively agitated. Table 3 confirms this result by providing two informations. The breakdown between super- and hypermarkets operated by "independents" and those operated by large firms shows a very distinct pattern --independents are increasingly important-- which is closely related to the "political economy" of the French retail industry (examined below). Moreover, the trend in terms of surface (all kinds of owners aggregated) is very different: if the average surface of the supermarkets is continuously increasing, the average surface of the hypermarkets shows a clear declining trend.

Lastly, the global growth of the super- and hypermarkets has been accompanied by three evolutions described in Table 2 which have also played an important rôle in the political economy of the French retail industry. First, the number of firms running department stores is declining, an evolution in strong contrast with the evolution of another group of large firms in the same retail sector, namely the mail orders firms which tend to increase over the period. Second, retail stores specialized in textiles and apparel (which can be considered as non-durable goods) and home goods (durable goods) are also declining. There is no strong statistical correlation between this evolution and the growth of the super- and hypermarkets, although the correlation is slightly better with the hypermarkets, a fact to be related to the changes in the range of services supplied by the hypermarkets (with respect to supermarkets). The range of products a supermarket can sell is more limited than the range of products that a hypermarket can sell. This feature is an important characteristic of the French technology in the retail industry: contrary to well established tradition in other OECD countries, French hypermarkets have sold --and sell-- food and non food products, non durable and durable goods at the same cash register. Lastly, the number of pharmacies --specialized in drugs and health products-- shows a constant increase until the mid-1980s. This steady evolution is closely related to a legal system which determines the amount of pharmacies by inhabitants (by imposing a set of constraints on the creation of new pharmacies, such as the population of the town, the minimum distance between two pharmacies, etc.). Indeed, the impact of the legal constraints may have been responsible from a growth of pharmacies more comparable to the average growth of the retail industry and of the population than to the huge growth of the health expenses.

Section 2. The "political economy" of the French distribution

These dramatic changes in the distribution sector during the two last

decades have not left public authorities indifferent. Under the pressures of the many small firms loosing ground, French authorities have profoundly changed laws and regulations ruling the distribution sectors. These political economy aspects have been so important in the distribution sectors that they need to be examined before assessing the performances of the French distribution.

The first public reactions were triggered by the structural changes in the retail sector. The "Royer" law which imposes limits on the creation of new super- and hypermarkets was passed in 1973. In the following years, a few laws focusing on more sectoral issues were passed: a law imposing minimum prices on books was passed in 1981, regulations allowing super- and hypermarkets to get better access to world markets of gasoline were passed in 1985, and the law on opening hours (dating from the early 1900s) is likely to be changed in the near future. However, some laws have not been passed, particularly, the law abolishing or limiting the quasi-monopoly to pharmacies for selling cosmetics and basic drugs, despite the efforts of the super- and hypermarkets. Lastly, in a few cases (such as car distribution, as shown below) regulations by the European Community (hereafter EC) have a substantial impact.

As the structural changes in the retail industry have had an increasing impact on the wholesale distribution and manufacturing sector, French authorities have increasingly focused on the upward links of the retail industry, with the problems raised by the interfirms credits ("credits interentreprises") and by the vertical relationships between retailers (or groups of retailers) and manufacturers.

A common feature of all these laws and regulations is to limit to a certain extent the possibility of entry of new firms in the French markets of distribution services, as shown by this section. However, it is also shown that the intent of these limits has not been discriminatory against foreign distributors --so far-- and that foreign distributors per se have not been targeted. But they may have an indirect discriminatory impact due to the fact that they tend to favor established (that is, by definition French) firms.

2.1. The Royer law

The Royer law is a special extension of the law of 30 December 1967 which created a system of land zoning in France. The 1967 law invited the municipalities to create zoning plans --"plans d'occupation des sols" (hereafter POS). The major feature of POS is to introduce a distinction between the ownership of a piece of land and its use. Land ownership is still determined by transactions between two independent operators. But, the possible uses of the land owned are determined by the constraints imposed by the POS elaborated by the concerned municipality and local authorities. In other words, the 1967 law implicitly created a system of two-tier transactions: a first transaction on land ownership (between the former owner and the new owner) and a second transaction on the use of the piece of land (between the new owner and the municipality concerned).

The Royer law has made particularly binding this system by giving the

right to ad hoc local bodies --the so-called "commissions départementales d'urbanisme commercial" (hereafter CDUCs)-- to authorize or not the creation of shops with a surface larger than 400 square meters, that is, the creation of all types of super- or hypermarkets. The law was passed under the pressures of two vested interests: the small shop-owners and the municipalities. The small shop-owners were trying to stop the emergence of more competitive retail forms (super- and hypermarkets) which was associated to their decline, as illustrated by Table 2. The local authorities were concerned by the relative efficiency of the super- and hypermarkets for a very similar reason: in their capacities of planning authorities, municipalities have been increasingly involved during the 1960s in sponsoring and financing "shopping centers." However, most of these shopping centers were not well designed (they were too small) and as a result, they were facing increasing financial difficulties under the competitive pressure of the emerging super- and hypermarkets. Hence, municipalities looked at the CDUCs as a way to stop or to slow down the erosion of the profitability of their sponsored shopping centers.

During the 1970s, the CDUCs have limited the number of supermarkets, and as shown by Table 3, they have been particularly restrictive in the case of hypermarkets. This general observation requires an explanation since it does not seem to fit well with the relatively high number of super- and hypermarkets open in France, when compared to the rest of the EC. It has to be underlined that the geographical distribution of the population in France experienced a major change in the two immediate after-War decades. In the late 1950s, a major proportion of the French population was rural (living in towns smaller than 2,500 inhabitants), whereas in 1991 more than half of the French population is urban (living in towns larger than 10,000 inhabitants). In other words, the distribution networks existing before 1965 were largely unadequate to face the changing patterns of consumption associated to this change in the geographical distribution of the population. Starting from scratch, the super- and hypermarkets were crucially needed.

The Royer law has introduced limits and delays in this complete reshuffle of the distribution networks. In particular, economic analysis suggests two expected consequences for such a restrictive policy. Costs (and thus prices) of the retail services provided by the super- and hypermarkets have been artificially increased. Pure rents have been generated by the artificial scarcity of land for the retail activity, and they have been collected by municipalities and used for financing land equipment that the local authorities could not finance from state funds or from limited local taxes.

During the 1980s, these distortions generated by the Royer law may have been substantially modified by an important external factor. The adoption of the 1982 "decentralization law" created regional assemblies and it expanded the scope of the economic powers of the regional bodies, without creating the proper constitutional balances and checks making sure that regional budgets

were balanced and transparent. As a result, the 1982 law has enormously increased the financial needs of the municipalities, "départements," and regions, particularly during the electoral periods.

These heavier strains imposed by the decentralization law on the Royer law may have paradoxically caused the erosion of the restrictive impact of the Royer law. Financial difficulties, frequent elections and volatile political outcomes may have induced politicians to sell more rapidly their monopoly rights on the land use. As a result, land scarcity for the use of super- or hypermarkets may have been reduced during the 1980s.

However, this more abundant supply of land for retail use may have been compensated by a higher demand coming from the firms operating super- and hypermarkets, leading to the ultimate result that rents can still be substantial, in particular in some locations. Higher demand can have several sources. Large retail firms may want to enter local markets in which they are not yet present, and they may be willing to pay a high price for doing that rapidly. At the same time, other firms may find advantageous to bid for a new spot or (more importantly) to keep an existing spot --in both cases, if only in order to raise the costs of their rivals. In other words, there are still economic forces at work which make the Royer law as an obstacle to entry and exit --this second aspect being perhaps the most important and leading to the conclusion that the value of some firms may merely lie in the stock of land they own.

Is the Royer law a likely obstacle to foreign distributors? The answer is that it is possible for two reasons, one related to public behavior, the other to private behavior --though it is unlikely that it has been the case in the past.

In terms of public behavior, the Royer law creates a mandatory public intervention concerning what the General Agreement on Trade in Services to be adopted in the Uruguay Round would call the "right of establishment." In the current state of the Royer law, this intervention is not discriminatory against foreign firms. However, it can easily be so, for instance by de facto decisions of the CDUCs. In this case, the Royer law becomes a non-tariff barrier to trade in distribution services.

Looking at private behaviors, the Royer law provides systematic and artificial advantages to existing firms. As mentioned above when examining the Royer law as an obstacle to exit, firms established since a long time in a town or a region are likely to have been able to get the best locations. Maintaining the existing land scarcity means that the established firms have locational assets which are artificially highly priced. As existing firms are generally French domestic firms, the Royer law represents an implicit increase in the value of the French firms --an implicit subsidy on capital-- with respect to foreign competitors.

2.2. Other laws in the retail industry

As mentioned in the introduction to this Section, there are several laws regulating certain types of retail trades, such as pharmaceuticals and

cosmetics (wide monopoly of the pharmacies) or books (minimum prices). These laws do not seem to impose discriminatory constraints on the concerned markets of distribution services: foreign distributors can freely open shops. However, the various existing constraints may create a tighter net that it seems at a first glance, as best illustrated by pharmacies --with the requirements that the owner of the pharmacy should have a French diploma and that pharmacies should obey rules on the distance between them and the number of people they are supposed to supply. If one may argue that the first requirement is equivalent to a health "norm" in the case of trade in goods --and thus acceptable-- it may be possible that the combination of all the requirements may turn to be discriminatory at the margin. However, it is hard to consider that this observation offers a strong and general evidence of discrimination against foreign distributors.

The law regulating opening hours seems to lead to a similar result. According to the law still in force, stores need special permission from the public authorities to open on Sundays. It happened that foreign distributors have been strongly involved in the efforts to change the law. Ikea (the Swedish furniture store) in the late 1980s and Virgin Megastore (the British music-TV store) in the early 1990s have taken the lead in trying to change these regulations. It is true that the current system favors well established French stores --such as the "Drugstores" which have been authorized to sell cassettes and CDs on Sundays-- or that a change would represent more serious problems for French competitors --such as FNAC, the chain of cooperative book- and music-stores. However, it is again hard to consider that the law creates a strong discrimination against foreign distributors. Rather, it discriminates against creative competitors.

It is interesting to underline that some laws may have discriminated in favor of foreign firms --an observation which helps to keep a balanced view on the "discriminatory" aspect against foreign distributors of the laws regulating the retail and wholesale sectors.

A good example of a law having de facto discriminated in favor of foreign firms is the law on the distribution of gasoline. The 1926-1928 laws on the oil refineries generated a monopoly on imports of gasoline in favor of the major oil firms --all but two foreign firms. In the mid-1980s, this situation changed dramatically after a modification of the law which allowed the creation of a new type of importers --based on a license for five years (A5) instead of a license for ten years (A10)-- and after the liberalization of the gasoline price (controlled until 1985). Large French retailers began to import (essentially under A5 licenses) and to build a tight net of stations selling gasoline at low prices near their super- and hypermarkets.^{2/} In late 1990, the difference between the selling gas price (excluding taxes) in France

^{2/}In 1975, large retailers represented only 990 gas stations, to be compared to the 42,500 stations operated (directly or indirectly) by the oil firms. In 1989, the respective figures were 3,500 and 27,700 stations.

and the Rotterdam corresponding price was half of the differentials observed in Belgium and the Netherlands. As a result, in 1989, the super- and hypermarkets represented almost 40 percent of the gasoline sales. In fact, the liberalization of the oil trade has ended a discrimination in favor of foreign firms, since most of the A5 licensees are subsidiaries of the French large retailers.

2.3. Credits interentreprises

The interfirm credits ("credits interentreprises") are generated by the delays of payments that a selling firm agree to grant to a buying firm when the two firms conclude a transaction. Interfirm credits constitute an implicit financial transfer from the selling firms to the buying firms.

Since the 1960s, French distributors have benefited from net interfirm credits --they have benefited from higher amounts of interfirm credits than the amount they granted to their own buyers. In the 1970s, the criticisms against the interfirm credits have increased because the net interfirm credits enjoyed by distributors have increased at an annual rate of 15 percent between 1967 and 1980 --an increase essentially due to the increase in the amount of the credits granted, not to an increase in the delays per se. Since the early 1980s, the situation does not seem to have changed very much.

This situation has led the French authorities to consider the possibility of regulating the delays of payments --in order to limit the delays available to distributors. Indeed, the new 1986 competition law has a provision (Article 35) limiting delays of payment in food products to 30 days after the end of the delivery month. However, this limit was close to the existing practices, and it does not seem to have a substantial impact. At regular intervals, the problem is raised again by industrialists, and the French authorities threaten to intervene, without doing so --so far.

The absence of public intervention may merely mirror the fact that the problem of interfirm credits is much more complex than it may seem on a prima facie evidence. The complexity flows from three sources.

First, the distribution sectors are not the only one to benefit from net interfirm credits. Two other sectors --energy and automobile-- enjoyed the same situation, though they did not raise similar concerns, probably either because they are state-owned (energy) or because they are considered as "strategic manufacturers" (automobiles) or for both reasons.

Second and more importantly, as shown by Dietsch [1985], evidence shows that interfirm credits are only a portion of the financial relations between firms. If other financial aspects --advances to suppliers and advances from customers-- are taken into account, distributors are no more the main beneficiaries of the global interfirm financial relations. Many other industrial sectors enjoy a net position. In particular, producers of equipment goods and those of telecommunication services benefit from large advances whereas they grant small advances. For instance, in 1981, distributors granted FFR 158 billion of credits to their clients, but received FFR 190 billion from their sellers --making a net interfirm credit of FFR 32 billion. The

respective figure for the transport and telecommunication sector were FFR 38 and 25 billion, that is, a net "loss" of FFR 13 billion. However, the distributors granted FFR 3 billion of advances to their suppliers and benefited from FFR 6 billion of advances from their customers --meaning that they enjoyed a global net financial (interfirm credits and advances) position of FFR 35 billion. Meanwhile, the transport and telecommunication sectors granted FFR 2 billion of advances to their suppliers and benefited from FFR 366 billion of advances from their customers --meaning that they enjoyed a global net financial (interfirm credits and advances) position of FFR 351 billion.

The third source of complexity flows from the differences within the distribution sectors. Wholesalers --which are often more closely related to manufacturers than retailers-- benefit from larger delays of payments (interfirm credits) than retailers. In 1981 for instance, average delays of payments in the food sector varied from 65 days for wholesalers to 55 days for the traditional types of retailers and to 47 days for the super- and hypermarkets. In the non-food sector, average delays varied from 120 days for wholesalers to 100 days for specialized retailers.

Why has the mechanism of interfirm credits reached in France levels unknown in other EC countries? The answer to this question flows from the two aspects of interfirm credits. As transaction costs, interfirm credits are related to the time frequency of the contracts and the volume of transactions --all variables which are not likely to be very different in France relative to the rest of the EC. As financial instruments, interfirm credits are closely related to the way the whole French financial system is working. Indeed, it has been shown that during the 1970s and early 1980s, the interfirm credits have been clearly correlated to the costs of getting credits from a banking system operating in a highly regulated, distorted and relatively uncompetitive environment. In sum, interfirm credits are largely substitutes to banking credits.

Could interfirm credits be interpreted as constituting artificial barriers to entry? They do not seem to be discriminatory against foreign firms. But they may well be discriminatory against small firms, and again at the early stage of their entry in the French markets, foreign firms may be "small," when compared to their French competitors.

2.4. Vertical relations between retailers and manufacturers

The last decade has seen increasingly bitter disputes between retailers and manufacturers established in France on two major topics: the existence of "discriminatory practices," and the degree of vertical integration between retailers and manufacturers.

Discriminatory practices cover all the various types of rebates and promotion expenses that a given distributor can get from its manufacturers (and that other distributors do not get automatically).

A recent study on discriminatory practices in France and in some EC countries (Belgium, Germany, and Spain) by Mortera [1991] suggests that these

practices are widely used in all the countries examined, the average rebate rates being surprisingly high in Germany (30 percent of the purchases), then lower in France (10 percent) and Spain (between 7-10 percent), the average rates in Belgium being the lowest observed (roughly 6-7 percent). The study shows a wide dispersion of such practices by type of products and by stores. Interestingly, discriminatory practices seem to be closely correlated to the growth of the distributor --either under the form of sales growth, or under the form of the growth of the number of new stores. That suggests that discriminatory practices are mainly motivated by changes in market shares expected by the producers. As a result, it does not seem that foreign distribution firms investing in France could be seriously harmed by these practices.

Traditionally, French competition laws have tended to ban discriminatory practices which are not based on differences in production costs. This approach mirrored the fact that French competition laws and regulations have been strongly influenced by the after War "dirigist" and "industrialist" approach for which discrimination was seen as "unfair." This view was reinforced by the prejudice according to which distributors do not produce value, by contrast to manufacturers, and by the fear to give to the emerging powerful retail firms too much power vis-à-vis domestic manufacturers. Along the same line, French competition laws have declared unlawful sales at loss by distributors (and sellers of a non-transformed products --"produits en l'état").

However, the 1986 competition law has adopted a more indirect language offering the possibility to relaxe the ban (though it still prohibits minima resale prices (Article 34) in all cases). Article 8 relates discriminatory practices to the abuse of dominant position, and Article 36 adopts a large concept of "real counterparts."

These last points are particularly interesting since they seem to have motivated a recent decision of the Competition Council which is likely to create a new jurisprudence concerning the relations between retailers and manufacturers in terms of discriminatory practices --that is, rebates and commercial cooperation. In July 1990, the Council looking at JVC video products took a decision on the basis of Articles 8 (and 7) concerning a complaint lodged by a "discounting" retailer arguing that JVC used provisions on rebates and commercial cooperation for restricting competition --that is, for favoring non-discounting retailers. The crucial argument of the Competition Council's decision based on a link between the trade-mark of distributors and the trade-mark of producers: "the service produced for a producer by a group of distributors under a common shop sign which have an interest in ensuring the common promotion of this sign [...] may be more important that the service which would be supplied by the same distributors if they did not adopt the same shop sign or if they did not work as a group" [Conseil de la Concurrence, 1990, p.81]. In sum, as announced by Jenny [1989], the French competition authorities are beginning to take into account the

trade off between a "reduction" in competition flowing to an agreement between a producer and retailers and the corresponding potential "increase" in efficiency for consumers who buy goods which are a combination of products and services jointly produced by manufacturers and retailers.

Disputes over the degree of vertical integration between retailers and manufacturers have also concerned the rôles of own-brand goods and "centrales d'achat" which both flow from the fact that very few producers face very few distributors --on average, four distributors face two producers for many basic goods.

Own-brand products are goods sold by the retailers under their trade-mark and which compete with products made and sold under the trade-mark of the manufacturers. This feature exists also between manufacturers, under the name of "original equipment manufacturers" (OEMs) by which a producer can sell under its own brand-name certain types of goods produced by other producers. For instance, JVC supplies Thomson and Philips, among others, in video-products. Own-brand products are related to the fact that the very few number of producers can reduce the choice of the consumers in such a way that distributors may find profitable to introduce extra-choice under their own brand. As a result, own-brand products are essentially concentrated in food and non-food basic products (oils, pastas, cereals, detergents, etc.). The economics of own-brand products being the same, it is unlikely that foreign distributors will face major difficulties, when entering French distribution services. Indeed, a recent study by Secodip [1991] shows that the percentage of French consumers buying own-brand basic goods is very similar to the percentage in Germany, slightly smaller than the percentage in the UK, and higher than the percentages in Spain or Italy, but that the types of goods concerned are very similar between the five countries.

An alternative illustration of the small number of producers and distributors has been the "centrales d'achat," that is, the association of the large retailers in groups for negotiating purchases with producers. It has been feared that the "centrales" could be instruments of collusion. However, they have also revealed the wide range of treatments --each new retail firm joining a centrale revealing to the other members its usual terms of purchases. Moreover, the centrales seem to have been unable to eliminate strictly "bilateral" (between each producer and each retailer) deals. As a result, it seems that the centrales have not stopped competitive pressures.

Indeed, similar structures have emerged at the EC level for food products --where the 15 largest EC food producers represent 50 percent of the EC food production and that the 15 largest retailing groups represent the same percentage of the EC food sales. Ten "Eurocentrales" exist --the largest and most Europeans being EMD (European Marketing Distribution) and AMS (Associated Marketing Service) which represents 15 and 11 percent of the European food market, respectively. As their French counterparts, Eurocentrales focus either on the extraction of the maximum amount of rebates or of maximum productivity gains. However, in economic terms of resource allocations, both attitudes lead

to the same results --maximum productivity gains in manufacturing (and retailing)-- since maximum rebates are compatible with the long term survival of the producers only if they are accompanied by adequate productivity gains. It seems that Eurocentrales represent an even lower threat to competition, because of the wide differences in terms of tastes between European consumers (which mean that very few products are really homogeneous in Europe).

In sum, the evolution observed recently in the relationships between manufacturers and retailers and in the legal environment suggests that the French approach has lost most of its past rigidities and that it aims at creating vertical relations as open as possible. It does not seem to generate barriers to foreign competitors.

Section 3. The performance of the French distribution sector

What has been the impact of the structural changes in the French retail sector (described in Section 1) combined with the regulatory constraints (described in section 2) on the performance of the French distribution industry? Five sets of indicators of performance are considered in what follows: productivity, scale economies, degree of competition, labor structure, and capital intensity.

These five groups of indicators suggest two conclusions about the degree of openness of the French distribution sectors. First, the sectors exhibit performances making unlikely the fact that foreign distributors face major artificial --man-made and non-economic-- barriers to entry. Second, the labor structure and capital intensity of the French distribution sectors are two determinants of the type of foreign competition to be expected, as examined in the next Section.

3.1. Productivity

Tables 4:1 to 4:2 present three alternative productivity indicators. The value added per employee (the so-called "apparent labor productivity") gives a useful first view, despite its shortcomings.^{3/} During the last decade, labor productivity has substantially increased in the retail industry as a whole, whereas it shows a small progress in the wholesale sector as a whole.

However, there are wide differences between growth rates of the labor productivity for the various types of retail and wholesale firms (and between the various periods). Looking at the various retail stores, the growth rate of labor productivity is lower for the super- and hypermarket than for the independent stores. At a first glance, this result may look surprising. However, it should be related to the large differences existing between the levels of labor productivity: labor productivity in hypermarkets is twice the productivity in traditional stores, and one third higher than the supermarket productivity. As a result, growth rates reflect a catching up process of the

^{3/}Among the most important shortcomings, there is the fact that value added incorporates rents (which can remunerate valuable scarcity or man-made scarcity) and risk premia (which widely differ between the various distribution sectors).

more traditional forms of retail with respect to the more recent type of retail organization. Looking at the various types of wholesale networks, the growth of the apparent labor productivity is negative for some wholesalers (food wholesale, all intermediaries excluding centrales d'achat). In contrast, labor productivity growth is high in the case of the centrales d'achat.

Labor productivity growth for pharmacies illustrates the limits of the instrument. It is the highest in the retail sector (it is matched only by the growth in centrales d'achat). As mentioned above, pharmacies have been successful in avoiding any breach of their monopoly situation. As a result, the high labor productivity growth observed for pharmacies is likely to merely mirror rents created by this constant monopoly, whereas the rest of the retail industry is facing increasingly competitive situations.

A second productivity indicator is provided by the inventories as a percentage of turnover, an indicator widely used by the practitioners. For distributors, success is tightly related to the capacity to work with the lowest possible stocks (a formula adopted now in the manufacturing sector for managing intra-firm trade, as pioneered by Japanese car-makers). That this indicator is very sensitive to the degree of product differentiation sold by the stores does not allow meaningful direct comparisons between the various categories of distributors. As a result, the indicator essentially provides lessons in terms of evolution during the period.

Growth rates of the "inventory-turnover" ratios show a wide range of changes. For most types of retail stores, growth rates are negative. However, there are positive growth rates. The same observation can be done for the wholesale sector. Positive growth rates may signal a deterioration of the capacity of the distributors to manage their inventories. But, they can also mirror two positive economic forces: an increased differentiation in terms of products leading to larger assortments; and a tendency among manufacturers to shift to the distributors the storage activity in which distributors may be more efficient from the point of view of an economy-wide optimal allocation of resources. The first reason is likely to have played an important rôle in the positive rate for the hypermarkets and for the stores specialized in food products. As shown below, the 1980s have witnessed among the hypermarkets a tendency of widening the types of products offered to the consumers. The second reason is likely to have played a crucial rôle in the case of food wholesalers.

The last efficiency indicator is the ratio of margins in terms of the turnover. These ratios can be seen as a proxy of the price of the distribution services. Margin ratios are slightly increasing in most of the cases. Such an evolution may mean increasing costs of producing stable bundles of wholesale or retail services, or it may reflect changes in demand from products incorporating a low level of distribution services to goods requiring a higher content of such services. This second explanation seems the most plausible for the hypermarkets which have widened their assortment during the late 1970s and 1980s. It may also be plausible for small shops specialized in food products

which have had to offer more services --more opening hours-- in order to compete with super- and hypermarkets.

3.2. Economies of scale

A first crude estimate of the economies of scale --examined only for the hypermarkets-- would be based on the average surface of the stores. However, this measure largely reflects two opposite factors: the demand of distribution services initially expected by the retailers and the constraints on supply imposed by the Royer law. The expected demand of retail services is largely determined by the density of the consumers that the stores are supposed to supply and their income level --that is, by the size of the "demo-economic sites" on which the stores are established. A plausible hypothesis is that large retail firms have concentrated their initial efforts in the most densely populated and richest areas, implying that a decrease in the average size of the stores could merely mirror the mix of density and income level of the population of consumers over the period, not the technological aspect of scale economies per se. The second factor is the constraints imposed by the Royer law on the size of the stores. A plausible hypothesis is that retail firms were not building stores as large as they could and should --in order to keep a low profile and avoid the costs (rents to be paid for the authorizations).

Available information on the 21 largest hypermarkets allow to find two facts which fit the above hypotheses. First, two-thirds of these 21 largest hypermarkets were built before 1973 (the introduction of the Royer law). In terms of the number of stores, the impact of the Royer law on the scale economies may thus have been substantial --it seems unlikely that all the available sites for large hypermarkets in France may have been exhausted so rapidly. Second, the averages of the hypermarkets built before and after the Royer law are very close (15,881 square meters before 1973 vs 15,954 square meters after 1973). This observation suggests that the Royer law may have reduced the number of opportunities to build large stores, but that it may not have deeply changed the size of the stores --once accepted by the CDUCs. However, the most interesting observation is that the similar averages between the two periods have been accompanied by very different deviations from the averages between the two periods. The standard deviation of the stores built before 1973 is twice the standard deviation of the stores between after 1973. More precisely, since 1974, large retail firms seem to have abandoned the construction of stores larger than 16,000 square meters (the four stores concerned have a surface of 19,000-24,000 square meters, and they have all been built by Carrefour). As it seems unlikely that the Royer law procedures have made a strong difference between stores of 15,000 and stores of 20,000 square meters, it is likely that giving up the construction of stores larger than 15,000 square meters has obeyed pure economic forces --optimal scale economies. In sum, there is a likely threshold in terms of scale economies around 15,000 square meters. This conclusion fits two additional facts. The two most recent of the 21 largest markets have a surface of 16,000 (built in 1986) and 15,000 square meters (built in 1990). The two largest hypermarkets

launched in 1991 have a surface ranging from 12,000 to 13,200 square meters (the average surface of the hypermarkets launched in 1991 is 6,300 square meters). Unfortunately, available evidence does not allow to find the other thresholds of scale economies which are likely to exist.^{4/}

A second crude estimate of scale economies may take into account the number of cash registers. This measure may be a better estimate of the flow of real consumers and thus a better measure of the level of services which is ultimately provided. It also reflects the impact that technological change -- the coding bars and electronic networks from which stores are increasingly dependant-- may have on the flow of retail services which can be supplied per unit of time. Unfortunately, information on cash registers associated or not to scanning is not precise enough to be used. According to *Libre-Service Actualités* [1283/1284, 1991] there is a declining relation between the number of cash registers of all types --interpreted as mirroring the cost of production of the retail services-- and the surface of the hypermarkets. For instance, small hypermarkets (2,500-4,999 square meters) require 4.9 cash registers per square meter. Corresponding figures are 4.8, 4.6, 4.3, and 3.9 cash registers for hypermarkets of 5,000-7,499, of 7,500-9,999, of 10,000-14,999, and above 15,000 square meters, respectively.

3.3. Competitive pressures

Despite their numerous limits, three indicators provide some estimates of the competitive pressures prevailing in the markets for distribution services.^{5/}

The most aggregated indicator of competition is the entry and exit rates for distribution sectors. Table 5 provides the most recent data on the number of new firms created in the distribution sectors and existing data on the number of firms leaving these sectors. If data on entry rates may be reliable --firms have to get an immatriculation number-- data on exit rates are unreliable. The average rate of entry of new firms --with respect to the number of existing firms given by Table 2-- for the years 1987-1988 is roughly 14 percent. In terms of evolution, Table 5 shows a marked decline in the entry rate (and it suggests an increase in the exit rate). If these observations reflect accurately the real world, they suggest that the ongoing changes in the population of firms are substantial. In terms of competition pressures, this information supports the impression that there are competitive forces at work, though such an assessment would require a comparison between what is observed and what would have happened in a fully competitive world.

A second indicator on competition focuses on competition between the

^{4/}The difficulties to find other possible thresholds of scale economies are exacerbated by the fact that it is always possible to ask for the extension of existing hypermarkets, a possibility which introduces a relationship between scale economies and risk aversion of the investors.

^{5/}In particular, they tend to underestimate the transitory monopolistic forces nurtured by locational advantages in the space of geography or in the space of products.

different types of stores on the various markets of broad categories of products. Table 6 presents the market shares by types of stores and by categories of products --for three years 1968, 1979, and 1990. Changes of these shares can be interpreted as rates of entry and exit on various markets by the different forms of stores --that is, competition between the various types of retail stores. Table 6 shows massive changes in the market shares related to the hypermarkets. It reveals that hypermarkets are now competing in all the main broad categories of products, except those protected by legal monopolies (pharmacies and tobacco), and that their growth has been dramatic for food and non-food products. Table 6 also shows that hypermarkets have much more reshaped the initial (1968) pattern of distribution than supermarkets in the non-food sector. In terms of competitive pressures, Table 6 suggests strong competitive forces at work, as long as competition prevails between the major hypermarket firms.

Such an indicator on competition between the major hypermarket firms is provided by the concentration ratios in the retail turnover and to focus on the largest firms operating hypermarkets (and supermarkets). Table 7 provides such an information for two years --1979 and 1988-- close to the two last years illustrated by Table 6. Table 7 shows that the concentration ratios are low by the usual standards of industrial organization, and it does not support the idea of a declining degree of competition between French large retailers.

3.4. Labor structure

Tables 8:1 and 8:2 illustrate the changes of the labor structure --total employment, proportion of wage earners and of part-time workers-- of the distribution sectors.

In the retail industry, these changes mirror closely the reshaping of the French retail industry in terms of type of stores. The total number of employees (self-employees and wage-earners) has been relatively stable over the period 1975-1988 --with a small increase in the late 1970s and a small decline in the mid-1980s. The noticeable changes which have occurred between the various types of retail merely mirror the evolutions described in Section 1, and as such, they do not deserve special attention. However, it is worth mentioning that no type of retail stores has been totally immune to declines in employment, as illustrated by the small declines in 1979 and 1988 in the hypermarket sector and by the large decline in 1980 in the supermarket sector.

The evolution of the proportion of wage-earners (as a percentage of the labor force of the retail industry) and the evolution of the part-time earners reveal several interesting results.

The most interesting evolution concerning wage-earners is that the proportion of this category of work force is increasing for all the types of retail. This can be observed in the retail activities which do not require high skills (such as the stores specialized in textiles and apparel) as well as in the retail activities which require high skills (such as pharmacies). The only exception are the small stores specialized in food. However, data on employment in this category of stores cannot be interpreted with the same

degree of confidence than in other sectors.

Part-time wage earners also increase in all forms of retail activities (sometimes in a dramatic proportion when initial figures are low). Does this evolution mirror a change in terms of labor population or does it reflect a change in the number of hours worked by part-time workers? Available data suggest that part-time workers are indeed working a lower number of hours of work at the end of the period than at the beginning.

In the wholesale sector, the most striking change in total employment is the wide differences between the various types of wholesalers. If declines are lower than those observed in the retail industry, increases are much larger, as illustrated by the centrales d'achat specialized in food products. As it could be initially expected, the wholesale sector is predominantly a sector with a very high percentage of wage-earners, with exception for some kinds of intermediaries (for instance, textiles and clothing). Part-time jobs represent a small proportion of the employment available, except again in some niches in the intermediaries sector where there is a large number of small firms existing in the market.

3.5. Capital intensity

Tables 9:1 and 9:2 provide two indicators which give some insights on the capital intensity of the French distribution industry. First, average wages (per wage earner) mirror the human capital of the workers, and as a result, it may be considered as closely related to the physical capital of the considered sector. Second, investment-labor ratios mirror the capital intensity if there are no strong ups and downs in the sector.

In the retail industry, the most interesting result is that the two indicators provide convergent results. For both indicators, super- and hypermarkets are diverging: supermarkets tend to be less capital-intensive at the end of the period than at the beginning (average wages and capital-labor ratios increase less than for the whole retail sector) whereas the hypermarkets exhibit higher growth than the whole retail sector. Moreover, the capital intensity indicator underlines the special situation of the department stores and the mail-order firms.

In the wholesale sector, there is no case of marked decline in capital intensity. On the contrary, several types of wholesale organizations are showing huge increases in capital-intensity, as centrales d'achat.

Section 4. The French distribution sector in the world competition

World competition occurs at two levels. First, it concerns the markets of distribution services, that is, the flows of production factors which have allowed the establishment of foreign distributors in France and of French distributors in the rest of the world. How open have French markets been open, and have the French distributors been keen to compete on foreign markets? Second, it concerns the rôle of the distributors in the openness of the markets for goods sold through the various distribution circuits. Have French distributors been an obstacle to the distribution of foreign goods in France?

4.1. The openness of the French markets of distribution services: labor movement and capital movement

Distribution is hardly a tradable service. International trade of distribution services is thus likely to take the form of factor movements. One would expect the existence of two dominant factor flows: a labor flow from less capital-abundant countries into the French distribution sectors and a capital flow from France to the distribution of the less capital-abundant countries.

It is well known --though not measured-- that the recent creation of labor-intensive shops in large French towns is closely related to large inflows of labor coming from a few developing countries (essentially from Mediterranean countries). Indeed, one may relate the recent decline of the entry rate in retail distribution not operated by large retail firms (as shown above) to a decline of the immigration rate in France.

Concerning capital flows in the distribution sectors between France and the rest of the world, Table 10 provides information on the recent evolution which suggests four lessons. First, new investments by French firms outside of France have dramatically increased. Second, this evolution is closely related to investments in industrial wholesale --an activity which largely reflects the strategy of industrial groups. Third, retail firms which invest outside of France are dominated by the firms operating the super- and hypermarkets. Fourth, the only substantial difference between French investments to the rest of the world and foreign investments to France concerns the specialized (non-food) retail distribution, with much larger investments from the rest of the world in France.

An interesting aspect of the investment flows between France and the rest of the world is their "two-ways trade" nature. If capital flows to France from countries which can be considered as more capital-abundant than France (say the US or Germany) are consistent with the standard theory, the large capital flows from France to these countries revealed by Table 10 are not expected by the traditional theory. However, these flows can be explained by two additional reasons.

First, French retailers may invest in capital-rich countries for building a portfolio of retail networks exposed to different business cycles so that they generate a relatively constant average flow of profits --a strategy freeing French retail firms from an excessive dependency from fluctuations in the French markets. This first motive is likely to have been exacerbated by the political economy constraints based on the Royer law and important political cycles. In other words, French retailers need a permanent flow of profits in order to be sure to get the necessary funds for increasing their retail activities in France.^{6/}

^{6/}Obviously, this goal could be achieved by purely financial investments. However, French retailers may feel better informed about the future evolution of foreign retail networks than financial analysts, and as a result, they are ready to complement financial investments aimed at diversification by sectoral

Second, the analysis in terms of capital-labor should take into account human capital, that is, retail technology. French retailers believe that they have mastered certain technological progress --particularly concerning hypermarkets and with respect to the US market-- based on a common cash register for food and non-food products. As a result, their investments may have been the necessary instrument to export this technology.

Table 11 confirms these two motives by presenting the ten most international French distributors. It shows that for at least half of them, the turnover coming from foreign markets represents one third of the total turnover, with the objective to achieve 50 percent in the next five years.^{7/} Another interesting sign of globalization of the French retailers is given by the number of hypermarkets operated by French firms outside of France: 189 units --roughly, 20 percent of the number of hypermarkets run in France. The bulk of these hypermarkets is located in Spain (77 units operated essentially by Auchan, Carrefour and Promodès) and in Germany (48 units by Promodès and Carrefour). However, French firms are looking outside of the Community, with Brazil (24 units by Carrefour) the US (8 units by various firms) and even Taiwan-Republic of China (4 units by Carrefour).

4.2. The rôle of distributors in the openness of the markets for goods

Has the French distribution been biased against or in favor of imports? Before looking at a few facts, the conceptual problems raised by this question could be summarized under three headings.

First, are distributors involved in imports as much as domestic manufacturers? There are two reasons to believe that retailers have less incentives to import than manufacturers. The first reason is that unlike manufacturers, retailers would be engaged only in importing activities --making more difficult for them to manage the risks associated to international trade than for manufacturers which can import and export. The second reason is that protectionist devices on goods often take into account the interests of the manufacturers per se. For instance, quotas on import of textiles and apparel under the Multi-Fibre Agreements and EC Regulations are open to manufacturers and distributors, whereas additional quotas on imports of textiles and apparel based on the "outward processing traffic" concept are only open to manufacturers.

Second, what is the degree of dependance between domestic retailers and manufacturers? If domestic retailers are narrowly linked to domestic producers, their choices in terms of product assortment may be constrained by these domestic producers. However, if they are largely independant from domestic producers, there is no strong reason to believe that distributors will loose potential profits by not buying foreign goods --that is, by not

investments with the same aim.

^{7/}In 1990, Promodès bought Plaza (Germany) and Dirsa (Spain), meaning that the ratio of foreign turnover with respect to French turnover is very likely to reach the 50 percent threshold in 1991.

taking advantage of the fact that foreign goods are better than domestic goods. In this last case, one should expect that distributors' choices merely mirror the comparative advantages of the country and of its trading partners.

Lastly, the above aspects are based on constant borderlines between domestic producers and distributors. However, experience shows that such borderlines are changing over time. A producing firm which is increasingly unsuccessful in producing goods may find advantageous to be increasingly specialized in distributing such goods. Its knowledge of the tastes of domestic consumers and of technologies, its capital in terms of trade mark may prove to be profitable assets in the distribution business. Such a perspective is a long run motive for producers to be very active in the importing activities, in particular, in the import-competing sectors of the domestic economy.

In the early 1980s, the question of a possible bias of the French distributors vis-à-vis foreign goods has been thoroughly investigated. Following allegations by French manufacturers, French authorities were inclined to believe that French distributors --in particular the large firms operating the super- and hypermarkets-- were opening borders to foreign goods at the detriment of French products. In 1984, a study --focusing on the two most sensitive groups of products, textiles and home appliances-- was undertaken by the French Competition Commission.^{8/}

This study led to three major results. First, French retailers played only a marginal rôle in terms of imports. In particular, the rôle of the large retail firms operating the super- and hypermarkets was marginal --less than 3 percent in the textiles and apparel sector (the only sector for which there were specific data for this group of firms). Second, the wholesale sector played a more important rôle than the retail sector --but it was still a secondary rôle. The wholesale distribution was responsible of 10 to 45 percent of the imports in textiles and apparel, and --at most-- of 15 to 25 percent of the imports in home appliances (with the exception of freezers where its import share has been 35 percent). Third, French domestic producers played the major rôle: they were responsible of 60 to 70 percent of imports of home appliances, and of 20 to 50 percent of imports of textiles and apparel.

These results which insist on the crucial rôle of the domestic producers in protection --even in the case of distributors largely independant from domestic producers-- fit well with the information provided by studies in other sectors. For instance during the late 1970s and early 1980s, car distribution seems to have been used by the French carmakers as a barrier to entry against foreign competitors [Messerlin and Becuwe, 1987]. Indeed, a distribution system based on selectivity (the carmaker chooses its dealers) and exclusivity (the carmaker grants territorial exclusivity to its dealers)

^{8/}The study by the Commission de la Concurrence was confirmed by other studies undertaken by private institutions, such as the Institut du Commerce et de la Consommation.

is likely to favor established producers which are able to pick up the best located and most efficient dealers. However, the French experience also shows that if carmakers have been able to increase their market shares (or to delay declines) by investing in their dealer networks, they have not been able to maintain these market shares in the long run without the support of good products. In sum, the protection that a producer can get from its distribution system seems limited in terms of time horizon.^{9/}

Conclusion: Policy Recommendations

Evidence presented in this paper does not allow to make a direct comparison between the efficiency of French and foreign distributors. However, it suggests that competition in the French markets of distribution services is lively, that the French distribution sectors are not really protected from the competition of foreign distributors, and that French firms are active on foreign markets of distribution services --in Europe, and in America and Asia as well. When combined, all these signs suggest that the French markets of distribution services are open and that French firms are efficient. Moreover, the paper presents no general evidence about French distributors as a systematic barrier to entry for foreign goods.

However, the paper shows that there is room for both concerns and progress. There are a few laws which represent a threat for newcomers --thus de facto a threat for the entry of foreign competitors in the future. At the retail level, the most worrisome case is the Royer law which covers the widest range of goods and which should be progressively relaxed and eliminated. Another candidate for improvement are the regulations ruling car distribution. In the wholesale sector, there are regulations dating from the First World War which are still in place and are impeding competing forces, as best illustrated by the distribution of gasoline and pharmaceutical goods. There is room for beginning to eliminate these regulations (pharmaceutical goods) or for completing the elimination (gasoline).

^{9/}There are other punctual examples of distribution system used as a protectionist instrument against foreign goods or technologies. For instance, it seems well established that in 1984-1985 the Centre National de la Transfusion Sanguine (CNTS) --a public monopoly in charge of collecting and distributing human blood-- has been used as a barrier to the import of an US technology available for eliminating risks of transmitting the AIDS virus through blood transfusion --in order to give the time necessary to create an equivalent French technology.

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Table 1. The French Retail Industry in the French economy, 1970-90

	Whole distrib. [a]	Whole-sale [b]	Retail [b]	Whole distrib. [a]	Whole-sale [b]	Retail [b]	Whole distrib. [a]	Whole-sale [b]	Retail [b]
	Value added share (%)			Labor force share (%)			Wage share (%)		
1970	12.1	5.5	6.6	11.6	4.1	7.6	9.8	4.9	4.9
1971	11.9	5.4	6.5	11.7	4.1	7.6	9.4	4.7	4.7
1972	11.8	5.4	6.4	11.7	4.1	7.6	9.7	4.8	4.9
1973	11.7	5.6	6.1	11.8	4.2	7.6	10.1	5.1	5.0
1974	12.3	5.9	6.4	11.8	4.2	7.6	9.8	4.9	4.9
1975	11.9	5.5	6.4	11.8	4.2	7.7	9.9	4.9	5.0
1976	11.4	5.5	5.9	12.0	4.2	7.7	9.8	4.9	4.9
1977	10.3	4.9	5.4	12.0	4.3	7.8	9.8	5.2	4.5
1978	10.1	4.7	5.3	12.0	4.2	7.8	9.8	5.2	4.6
1979	10.0	4.7	5.3	12.0	4.2	7.8	10.1	5.4	4.7
1980	10.1	4.7	5.4	12.1	4.3	7.9	10.1	5.4	4.8
1981	10.1	4.8	5.4	12.2	4.4	7.8	10.1	5.4	4.8
1982	10.2	4.9	5.4	12.3	4.6	7.7	9.9	5.2	4.7
1983	10.6	5.1	5.5	12.4	4.6	7.7	10.1	5.3	4.8
1984	11.7	5.7	6.1	12.3	4.6	7.7	10.0	5.3	4.7
1985	11.7	5.7	6.0	12.3	4.6	7.7	10.4	5.5	4.9
1986	11.8	5.8	6.0	12.2	4.5	7.7	10.2	5.4	4.8
1987	11.8	5.8	6.0	12.3	4.6	7.7	10.4	5.5	4.9
1988	12.1	6.0	6.1	12.4	4.6	7.8			
1989	12.0	6.0	6.0	12.4	4.6	7.8			
1990	11.7	5.8	5.9	12.3	4.6	7.7			
	Operating surplus share (%)			Relative wages [c]			Relative operating surplus [d]		
1970	14.9	5.6	9.3	84.4	119.8	65.3	124.0	103.2	141.2
1971	15.3	5.8	9.5	80.6	114.8	62.2	128.0	106.7	145.7
1972	14.7	5.8	8.9	83.0	117.9	64.2	124.5	107.3	139.1
1973	14.2	6.0	8.2	85.7	121.5	66.1	120.7	106.4	133.8
1974	15.5	6.6	8.9	83.2	117.7	64.3	125.7	111.0	139.4
1975	14.7	5.7	9.0	83.8	117.6	65.3	123.3	103.2	140.7
1976	13.8	5.7	8.0	82.1	116.4	63.3	120.5	104.5	135.3
1977	14.7	5.4	9.3	81.3	123.4	58.3	142.0	109.0	172.0
1978	13.9	4.8	9.1	81.8	123.6	59.0	138.1	102.0	170.1
1979	13.1	4.4	8.7	83.6	126.7	60.3	131.6	95.1	163.7
1980	13.4	5.1	8.3	83.6	126.0	60.7	132.5	107.6	154.2
1981	13.8	5.2	8.6	82.8	120.5	61.3	136.2	109.4	159.9
1982	13.0	5.0	8.0	80.9	113.4	61.3	126.9	102.0	149.5
1983	13.1	5.0	8.1	81.6	114.4	61.8	123.4	98.0	146.9
1984	13.4	5.1	8.4	81.3	114.6	61.4	114.5	89.2	138.2
1985	12.4	4.7	7.7	84.7	120.4	63.6	106.3	81.9	129.8
1986	13.1	5.0	8.1	83.9	120.2	62.5	110.7	85.6	135.1
1987	12.5	4.7	7.8	84.8	121.1	63.4	105.5	81.3	128.8
1988									
1989									
1990									

Sources: INSEE [1991a] and Le Commerce en 198* (various issues). Author's computations.

Notes: [a] Data by branches. [b] Data by sectors.

[c] Wage shares divided by labor shares.

[d] Operating surplus shares divided by value added shares.

Table 2. Structural changes in the French retail industry, 1977-1988

	Food non-specialized stores				Food speci- alized stores	Non-food non-specialized			Textile Apparel Leather stores	Home product stores	Phar- macies	Other durable product stores	Miscel- laneous product stores	Whole retail industry
	Total	Super- markets	Hyper- markets	Inde- pendants		Total	Depart. stores	Mail order						
Number of firms														
1977	45245	1136	132	39015	95051	1198	48	5	86390	50417	--	--	--	361927
1978	39963	989	131	33986	97722	1531	57	65	88677	50154	19357	43243	50676	391323
1979	40205	1352	148	34418	98077	1200	42	39	92932	50555	19569	43115	49365	395018
1980	41137	1461	150	35109	94790	1464	47	19	100372	50094	19329	44709	52899	410794
1981	37934	1489	158	32665	96929	1649	49	10	94115	55842	20257	46282	54171	407179
1982	35417	1498	165	29541	94451	1732	48	14	94014	54603	20508	45211	52232	399168
1983	36435	1988	182	29941	95209	1919	39	150	96317	54199	20695	45992	54854	405620
1984	33729	2165	207	27152	92211	1701	39	57	89933	50951	20897	42339	51092	382853
1985	33171	2445	210	27000	94200	1768	37	47	92577	53156	21320	44222	50772	391186
1986	34129	2797	242	26838	94236	2454	41	103	91501	50070	21661	43038	53220	390309
1987	34207	3000	271	26600	92340	1876	39	182	94023	52173	21632	43565	53418	393234
1988	34506	3464	291	26400	88952	1527	41	102	94565	52376	21356	47195	53420	393897
[a]								[b]			[b]	[b]	[b]	
avg	37173	1982	191	30722	94514	1668	44	66	92951	52549	18882	40743	48010	393459
cgr	-2.4	10.7	7.5	-3.5	-0.6	2.2	-1.4	4.6	0.8	0.3	1.0	0.9	0.5	0.8
Annual growth rates (%)														
1978	-11.7	-12.9	-0.8	-12.9	2.8	27.8	18.8	1200.0	2.6	-0.5	--	--	--	8.1
1979	0.6	36.7	13.0	1.3	0.4	-21.6	-26.3	-40.0	4.8	0.8	1.1	-0.3	-2.6	0.9
1980	2.3	8.1	1.4	2.0	-3.4	22.0	11.9	-51.3	8.0	11.0	-1.2	3.7	7.2	4.0
1981	-7.8	1.9	5.3	-7.0	2.3	12.6	4.3	-47.4	-6.2	-0.4	4.8	3.5	2.4	-0.9
1982	-6.6	0.6	4.4	-9.6	-2.6	5.0	-2.0	40.0	-0.1	-2.2	1.2	-2.3	-3.6	-2.2
1983	2.9	32.7	10.3	1.4	0.8	10.8	-18.8	971.4	2.4	-0.7	0.9	1.7	5.0	1.9
1984	-7.4	8.9	13.7	-9.3	-3.1	-11.4	0.0	-62.0	-6.6	-6.0	1.0	-7.9	-6.9	-5.6
1985	-1.7	12.9	1.4	-0.6	2.2	3.9	-5.1	-17.5	2.9	4.3	2.0	4.4	-0.6	2.2
1986	2.9	14.4	15.2	-0.6	0.0	38.8	10.8	119.1	-1.2	-5.8	1.6	-2.7	4.8	-0.2
1987	0.2	7.3	12.0	-0.9	-2.0	-23.6	-4.9	76.7	2.8	4.2	-0.1	1.2	0.4	0.7
1988	0.9	15.5	7.4	-0.8	-3.7	-18.6	5.1	-44.0	0.6	0.4	-1.3	8.3	0.0	0.2
[a]								[c]			[c]	[c]	[c]	
avg	-2.3	11.5	7.6	-3.4	-0.6	4.2	-0.6	94.5	0.9	0.4	1.0	1.0	0.6	0.8
Structure of firms (%)														
1977	12.5	0.3	0.0	10.8	26.3	0.3	0.0	0.0	23.9	13.9	--	--	--	100.0
1980	10.0	0.4	0.0	8.5	23.1	0.4	0.0	0.0	24.4	13.7	4.7	10.9	12.9	100.0
1985	8.5	0.6	0.1	6.9	24.1	0.5	0.0	0.0	23.7	13.6	5.5	11.3	13.0	100.0
1988	8.8	0.9	0.1	6.7	22.6	0.4	0.0	0.0	24.0	13.3	5.4	12.0	13.6	100.0

Sources: INSEE, Enquete annuelle d'entreprise dans le commerce, various issues. Author's computations.

Notes: [a] Avg: average. Cgr: Compound annual growth rate.

[b] Excluding 1977.

[c] Excluding 1978.

Table 3. The emergence of the super- and hypermarkets, 1970-1990

	Supermarkets						Hypermarkets					
	Number of firms	Number of outlets	Share of independents	Total Surface	Average Surface /unit	Share indep.	Number of firms	Number of outlets	Share of independents	Total Surface	Average Surface /unit	Share indep.
	Units or thousands of square meters per unit											
1970	--	1828	44.0	1262	690.4	--	--	114	31.6	650	5697.4	--
1971	--	2069	45.5	1464	707.6	--	--	143	33.6	845	5908.4	--
1972	--	2330	44.6	1729	741.9	--	--	211	32.2	1255	5949.8	--
1973	--	2587	44.2	1949	753.5	42.6	--	259	41.7	1539	5941.7	42.8
1974	557	2694	44.5	2054	762.3	42.8	105	291	40.9	1745	5996.6	42.9
1975	--	2846	45.0	2182	766.8	43.7	--	305	42.3	1821	5971.5	43.5
1976	--	3157	46.8	2457	778.1	45.2	--	339	41.0	2006	5917.1	42.9
1977	1136	3302	47.0	2583	782.2	45.9	132	369	38.5	2102	5697.3	44.0
1978	989	3492	48.3	2779	795.9	47.4	131	387	37.7	2209	5708.3	43.4
1979	1352	3710	49.8	2968	799.9	48.9	148	407	15.7	2328	5720.9	10.9
1980	1461	3962	50.0	3164	798.5	50.3	150	426	16.9	2410	5656.3	11.5
1981	1489	4261	53.4	3412	800.7	52.5	158	460	18.0	2561	5567.8	10.8
1982	1498	4510	61.0	3656	804.0	59.8	165	493	18.7	2692	5460.9	12.8
1983	1988	4906	63.1	4021	815.5	62.2	182	521	20.2	2851	5472.2	13.5
1984	2165	5279	54.7	4358	825.6	53.0	207	549	22.0	2967	5403.6	14.7
1985	2445	5298	65.9	4320	815.4	64.8	210	598	20.6	3384	5658.9	12.1
1986	2797	5496	68.5	4515	821.5	66.6	242	649	23.1	3665	5647.1	13.9
1987	3000	5976	--	5430	908.6	--	271	694	28.1	3866	5570.6	17.1
1988	3464	6169	--	5700	924.0	--	291	759	31.9	4159	5479.6	19.9
1989	--	6399	--	6100	953.3	--	--	809	34.5	4385	5420.3	21.7
1990	--	6550	--	6300	961.8	--	--	854	36.7	4617	5406.3	23.2
	Annual growth rates (a) (2)											
						(b)			(c)			(b)(c)
1971		13.2	17.2	16.0	2.5			25.4	33.3	30.1	3.7	
1972		12.6	10.3	18.1	4.9			47.6	41.7	48.6	0.7	
1973		11.0	10.1	12.8	1.6			22.7	58.8	22.6	-0.1	
1974		4.1	4.7	5.4	1.2	5.8		12.4	10.2	13.4	0.9	13.5
1975		5.6	6.9	6.3	0.6	8.4		4.8	8.4	4.4	-0.4	5.9
1976		10.9	15.5	12.6	1.5	16.5		11.1	7.8	10.1	-0.9	8.6
1977		4.6	4.9	5.1	0.5	6.8		8.8	2.2	4.8	-3.7	7.4
1978	-12.9	5.8	8.8	7.6	1.7	11.1	-0.8	4.9	2.8	5.1	0.2	3.7
1979	36.7	6.2	9.5	6.8	0.5	10.2	13.0	5.2		5.4	0.2	
1980	8.1	6.8	7.1	6.6	-0.2	9.8	1.4	4.7	12.5	3.5	-1.1	9.5
1981	1.9	7.5	14.8	7.8	0.3	12.4	5.3	8.0	15.3	6.3	-1.6	0.0
1982	0.6	-1.7	12.4	-1.3	0.4	12.6	4.4	7.2	10.8	5.1	-1.9	24.5
1983	32.7	9.6	13.4	11.2	1.4	15.5	10.3	5.7	14.1	5.9	0.2	11.4
1984	8.9	15.0	-0.3	16.4	1.2	-0.8	13.7	5.4	15.2	4.1	-1.3	13.1
1985	12.9	0.4	20.9	-0.9	-1.2	21.2	1.4	8.9	1.7	14.1	4.7	-5.7
1986	14.4	3.7	7.7	4.5	0.7	7.5	15.2	8.5	22.0	8.3	-0.2	24.6
1987	7.3	8.7		20.3	10.6		12.0	6.9	30.0	5.5	-1.4	29.7
1988	15.5	3.2		5.0	1.7		7.4	9.4	24.1	7.6	-1.6	24.6
1989		3.7		7.0	3.2			6.6	15.3	5.4	-1.1	15.4
avg	11.5	6.9	10.2	8.8	1.7	10.5	7.6	11.3	18.1	11.1	-0.2	12.4
var	177.8	19.0		38.2			28.5	2.7		7.6		

Sources: INSEE, Le Commerce en 1984, various issues. Libre-Service Actualites, various issues. Author's computations.

Notes: [a] Avg: average. Var: variance (over the period 1978-1988).
 [b] Annual growth rates of the surfaces operated by independents.
 [c] Changes in the database for the definition of the independents.

Table 4:1. Productivity indicators of the French retail industry

	Food non-specialized				Food specia- lized	Non-food non-specialized			Textile Apparel Leather	Home goods	Phar- macies	Other durable goods	Miscel- laneous goods	Whole retail industry
	Total	Super- markets	Hyper- markets	Inde- pendants		Total	Depart. stores	Mail order						
	Value added per (equivalent full-time) employee (constant '000 FFR-1985)													
1978	132.9	140.0	171.1	83.0	105.9	130.3	129.3	137.8	103.6	127.7	169.5	122.0	118.8	122.8
1979	140.7	147.2	192.1	81.6	103.9	140.9	140.0	140.9	108.7	129.3	174.5	118.5	117.6	125.5
1980	142.9	137.2	195.5	76.0	106.8	142.2	140.3	148.2	110.3	134.4	180.0	121.3	129.4	129.4
1981	143.7	135.1	192.6	74.5	107.0	146.0	146.5	162.9	110.7	130.4	179.4	122.7	130.1	129.9
1982	146.5	134.1	194.0	83.8	108.7	148.8	146.6	169.9	109.8	128.0	178.2	131.2	127.4	131.0
1983	146.3	140.0	186.8	87.0	115.1	149.1	142.1	169.6	112.3	130.6	188.5	132.2	123.0	132.9
1984	142.6	136.2	173.1	81.6	116.7	149.6	148.6	169.3	119.7	135.2	191.3	137.4	133.1	135.7
1985	144.9	138.5	178.3	75.9	112.7	148.8	145.4	170.4	121.4	131.0	201.5	135.9	133.9	136.1
1986	153.0	147.0	186.9	87.6	118.6	158.7	164.5	152.1	127.6	144.1	208.3	145.9	134.5	144.1
1987	157.3	148.5	191.1	93.5	118.4	164.0	164.5	182.3	128.6	149.8	218.2	146.7	135.6	147.0
1988	163.0	154.0	202.5	94.9	120.6	163.3	165.4	164.2	128.9	147.2	235.6	155.6	131.2	150.3
[a]														
avg	146.7	141.6	187.6	83.6	112.2	149.3	148.5	160.7	116.5	135.3	193.2	133.6	128.6	135.0
cgr	1.6	0.5	0.6	1.7	1.7	1.7	1.9	1.7	1.9	1.5	3.4	3.1	1.2	2.0
	Inventories as percent of turnover (%)													
1978	8.0	7.4	7.4	8.9	3.1	16.0	16.0	13.9	29.6	22.7	11.2	21.8	19.6	13.8
1979	8.0	7.3	7.4	8.5	3.5	15.8	16.6	12.5	28.3	22.9	11.6	21.1	20.5	13.9
1980	8.3	7.7	8.0	9.2	3.6	15.9	16.1	14.1	29.6	24.3	10.8	22.6	19.1	14.4
1981	8.2	7.5	8.0	8.9	3.8	15.7	16.1	12.8	27.9	23.6	10.2	21.3	19.1	13.9
1982	8.0	7.2	7.9	8.0	3.8	15.3	15.3	12.2	26.9	22.8	10.0	19.7	18.7	13.5
1983	7.6	7.2	7.4	7.8	3.5	14.4	15.3	12.9	27.7	22.8	10.0	19.7	17.8	12.5
1984	7.5	6.8	7.5	8.3	3.8	12.8	11.4	11.6	27.5	22.0	9.7	20.7	17.7	12.8
1985	7.3	6.5	7.4	8.8	3.7	15.8	14.9	14.8	26.5	21.5	9.2	21.0	16.6	12.5
1986	7.4	6.5	7.8	8.2	3.8	16.1	15.2	15.3	26.8	20.7	9.3	21.1	17.6	12.6
1987	7.4	6.3	7.9	8.4	4.1	15.8	15.7	14.0	27.2	21.4	9.1	21.6	19.2	12.9
1988	7.2	6.1	7.9	8.0	4.1	15.4	15.1	14.9	26.3	22.3	9.1	21.3	20.8	13.1
[a]														
avg	7.7	7.0	7.7	8.5	3.7	14.2	15.2	13.5	27.7	22.5	10.0	21.1	18.8	13.3
cgr	-1.0	-1.8	0.7	-1.1	2.7	-0.4	-0.6	0.7	-1.2	-0.2	-2.0	-0.2	0.6	-0.5
	Gross margins as a percent of turnover (%)													
1978	18.8	18.8	17.4	19.1	27.5	34.5	34.1	36.5	38.1	35.1	35.2	38.1	30.0	28.1
1979	18.4	18.2	16.5	19.2	28.3	33.8	33.9	35.5	38.2	36.1	38.3	37.0	29.1	28.0
1980	18.3	16.8	17.5	19.4	29.1	33.8	33.7	36.9	38.5	36.7	36.0	37.7	27.9	28.1
1981	18.1	16.4	17.4	20.2	29.5	33.3	33.3	36.5	39.3	36.4	35.9	38.2	28.7	28.1
1982	17.4	15.5	16.6	20.4	30.3	33.1	32.1	37.9	39.0	35.6	36.1	40.5	28.6	27.9
1983	16.7	15.3	15.9	20.2	31.0	33.0	32.1	37.5	38.6	35.9	35.8	40.3	28.1	27.4
1984	19.4	17.2	19.6	21.2	33.9	35.4	34.9	39.2	39.3	37.8	35.2	41.6	29.1	29.2
1985	19.2	16.8	19.6	20.7	34.7	36.5	35.7	42.1	39.2	37.6	35.3	41.3	30.1	29.1
1986	19.3	17.1	19.7	21.9	35.8	36.5	36.4	42.0	39.5	36.9	35.5	41.2	33.6	29.3
1987	19.2	17.2	19.4	22.7	37.6	36.9	36.3	42.9	39.0	36.9	35.5	41.8	36.9	29.7
1988	19.0	17.1	19.2	23.8	37.7	37.3	36.9	43.4	39.8	36.5	35.8	40.4	37.5	29.6
[a]														
avg	18.5	16.9	18.1	20.8	32.3	34.9	34.5	39.1	39.0	36.5	35.9	39.8	30.9	28.6
cgr	0.1	-1.0	1.0	2.2	3.2	0.8	0.8	1.8	0.5	0.4	0.2	0.6	2.3	0.5

Sources: INSEE, Enquete annuelle d'entreprise dans le commerce, various issues. Author's computations.

Notes: [a] Avg: average. Cgr: compound annual growth rate.

Table 4:2. Productivity indicators of the French wholesale industry

	Wholesale				Intermediaries					Wholesale and Intermediaries	
	food industry	inter-industry	non-food	total	"centrales"			other intermed.			total inter-med.
					total	food	non-food	total	textile		
Value added per (equivalent full-time) employee (constant '000 FFR-1985)											
1978	170.6	184.9	176.6	177.9	204.2	210.0	196.7	187.1	139.9	189.1	178.3
1979	174.5	192.6	182.3	183.8	195.2	204.5	186.4	191.9	148.7	193.6	184.8
1980	219.1	200.1	195.4	204.6	190.9	191.7	189.6	215.7	187.3	210.2	204.9
1981	182.7	200.3	182.6	189.7	233.3	220.1	249.1	228.0	172.9	229.3	192.0
1982	176.6	204.3	192.7	192.3	197.7	208.7	185.3	225.5	392.6	218.9	193.8
1983	179.7	197.1	184.6	188.1	192.0	199.4	183.5	192.1	179.1	192.1	188.3
1984	187.3	243.8	189.6	210.9	188.5	186.7	191.6	215.2	232.5	206.7	210.7
1985	190.0	210.2	192.3	198.9	198.3	197.6	199.7	209.2	222.6	205.7	199.3
1986	192.9	212.3	205.9	204.8	228.4	208.3	275.6	197.6	215.7	207.5	204.9
1987	184.5	219.7	201.9	204.3	262.4	288.6	204.5	201.2	199.2	220.1	205.3
1988	188.6	229.7	210.3	212.5	267.1	293.1	212.9	205.4	229.8	224.2	213.3
[a]											
avg	186.0	208.6	192.2	197.1	214.4	219.0	206.8	206.3	210.9	208.8	197.8
cgr	1.0	2.2	1.8	1.8	2.7	3.4	0.8	0.9	5.1	1.7	1.8
Inventories with respect to turnover (%)											
1978	12.0	11.8	13.6	12.3	6.1	6.1	6.0	5.3	10.8	5.7	12.0
1979	11.0	12.1	14.1	12.1	5.7	6.0	5.1	4.1	6.7	4.7	11.7
1980	7.0	12.2	14.8	10.5	5.6	6.1	4.8	4.9	5.3	5.3	10.3
1981	6.5	11.6	14.3	9.9	5.5	6.3	4.0	3.5	3.0	4.4	9.7
1982	6.9	11.4	14.1	10.0	6.9	7.2	6.4	3.2	1.8	5.1	9.8
1983	7.0	10.7	13.8	9.7	7.2	7.1	7.4	3.8	2.4	5.9	9.5
1984	6.9	11.0	14.1	9.8	6.2	5.7	7.7	2.7	1.1	5.0	9.5
1985	7.3	11.3	13.3	9.9	6.2	5.8	7.3	2.4	2.9	4.9	9.6
1986	7.4	11.6	13.7	10.2	5.5	5.2	6.7	2.9	2.1	4.8	9.9
1987	7.4	11.4	13.8	10.3	5.6	5.4	6.3	2.8	5.4	5.0	9.9
1988	7.6	11.6	13.7	10.5	5.6	5.6	5.8	3.3	2.9	5.1	10.1
[a]											
avg	7.9	11.5	13.9	10.5	6.0	6.1	6.1	3.5	4.0	5.1	10.2
cgr	-4.4	-0.2	0.1	-1.6	-0.7	-0.9	-0.2	-4.6	-12.5	-1.1	-1.8
Gross margins with respect to turnover (%)											
1978	13.6	21.6	24.1	18.6	13.1	9.9	15.9	51.1	42.7	31.9	19.1
1979	14.3	22.1	25.6	19.5	12.1	11.3	13.2	42.3	45.9	29.8	20.0
1980	15.5	21.9	26.9	20.2	10.8	9.3	13.5	54.0	55.1	32.0	20.6
1981	13.7	22.3	25.9	19.3	12.6	9.7	17.4	46.3	24.2	31.4	19.8
1982	13.5	22.2	26.1	19.2	9.8	6.9	16.0	46.1	63.5	27.9	19.6
1983	13.1	21.5	26.3	18.7	8.9	5.0	19.8	50.0	72.3	24.8	19.0
1984	16.9	26.4	28.4	22.6	12.3	10.3	17.7	51.9	45.2	26.5	22.8
1985	16.1	25.4	28.1	21.8	12.5	10.7	18.8	51.3	70.1	25.3	22.0
1986	16.8	27.2	28.4	22.9	12.8	10.4	22.7	57.2	61.1	25.1	23.0
1987	16.6	27.1	28.4	23.0	12.7	11.8	15.6	68.8	62.7	25.3	23.1
1988	16.0	27.0	28.1	22.8	13.4	12.2	17.8	66.3	54.0	26.4	23.1
[a]											
avg	15.1	24.1	26.9	20.8	11.9	9.8	17.1	53.2	54.3	27.8	21.1
cgr	1.6	2.3	1.5	2.1	0.2	2.0	1.1	2.6	2.4	-1.9	1.9

Sources: INSEE, Enquete annuelle d'entreprise dans le commerce, various issues. Author's computations.

Notes: [a] Avg: average. Cgr: compound annual growth rate.

Table 5. Entry and exit rates, 1987-1990

	1987	1988	1989	1990
Entry of new firms				
Wholesale	12784	12647	14114	13841
Food	3104	2927	2996	2949
Non food	5262	5338	5940	5740
Interindustrial	4418	4382	5178	5152
Retail	56938	54873	48868	42975
Food (large firms)	428	507	550	504
Food (other)	17334	16333	14527	13054
Nonfood	39174	38033	33791	30417
Whole distribution	69720	67520	62982	57816
Exit of firms				
Wholesale	2518	2987	--	--
Food	545	693	--	--
Non food	1973	2294	--	--
Retail	5189	6161	--	--
Food	1654	1997	--	--
Non food	3535	4164	--	--
Whole distribution	6053	7151	--	--

Sources: INSEE, Les comptes du commerce en 1987, 1989 and 1990. Author's computations.

Table 6: Intra-type competition in the French retail industry
(Selected types of retail shops and selected years)

	Food products							Non-food products						
	Bread	Beverages	Grocery	Fruit Veget	Milk	Meat	All goods	Gas Tyres	Cycles Parts	Home goods	Textile Leather	Phar-mac.	Tobacco	All goods
Year 1968														
Hypermarkets	0.2	1.1	1.2	0.8	1.1	0.7	0.8	0.4		0.4	0.3			0.3
Supermarkets	1.1	6.8	8.0	4.6	8.8	3.8	4.5	1.1		2.0	1.0			0.9
Mag. Pop.		3.3	6.2	1.3	4.6	1.9	4.1		2.5	1.5	4.0			2.5
Ind.#1	7.6	63.5	69.6	52.6	54.3	13.2	40.7	2.8		6.5	3.0	0.6		3.5
Other ind.	91.1	15.3	7.8	34.0	19.1	77.4	44.2	13.0	76.2	74.3	68.8	44.4		59.4
Gds Mag		0.7	1.4	0.5	1.2	0.5	0.7	0.1	8.1	5.4	6.2			4.1
VPC										0.9	1.4			
Phar.			1.5				0.3					100.0		7.5
Retail	100.0	90.7	95.7	93.8	89.1	97.5	95.3	17.4	86.8	91.0	84.7	100.0	45.0	78.2
Prest.		1.6	0.9	0.5	0.6	0.1	0.5	69.4	6.7	2.2	2.9		54.3	13.3
Prod		1.4	0.3	4.8	8.7	1.5	2.5	10.6	1.1	3.6	11		0.7	6.8
Whole		6.3	3.1	0.9	1.6	0.9	1.7	2.6	5.4	3.2	1.4			1.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Year 1979														
Hypermarkets	3.8	16.3	18.5	12.3	15.2	10.0	12.9	6.7	1.6	5.7	6.9			6.0
Supermarkets	3.5	15.7	19.4	16.7	17.5	9.7	13.6	2.6		4.0	2.7			2.9
Mag. Pop.	0.8	3.1	5.0	3.1	4.0	2.8	3.3	0.1	2.5	1.5	3.3			1.7
Ind.#1	5.3	39.8	40.7	30.7	37.0	9.1	25.4	0.7		3.3	2.2	0.9		2.0
Other ind.	85.0	14.3	9.5	29.5	16.0	61.8	37.3	13.1	74.9	73.1	63.0	48.1		54.8
Gds Mag	0.1	0.7	1.3	0.7	1.1	0.7	0.9		7.8	4.3	6.1			3.5
VPC									0.3	1.7	3.6			1.5
Phar.			2.0				0.4					100.0		6.8
Retail	98.5	89.5	96.4	93.0	90.8	94.1	93.8	23.2	87.1	93.6	87.8	100.0	49.0	79.2
Prest.	0.8	3.2	1.7	1.3	2.9	0.3	1.5	63.8	6.2	1.5	2.1		50.3	13.8
Prod	0.3	3.4	0.5	5.2	6.0	3.2	3.0	10.5	1.2	2.7	9.0		0.7	5.5
Whole	0.4	3.9	1.4	0.5	0.3	2.4	1.7	2.5	5.5	2.2	1.1			1.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Year 1990														
Hypermarkets	7.9	28.7	30.7	27.7	29.2	24.0	26.0	17.6	12.4	15.9	10.8			11.6
Supermarkets	4.6	31.0	30.2	29.3	33.2	23.6	26.6	8.6	0.3	5.7	2.7			3.4
Mag. Pop.	0.5	2.1	2.3	2.4	3.1	2.7	2.4	0.1		0.7	1.6			0.9
Ind.#1	2.5	16.9	17.1	14.7	16.9	5.6	12.2	0.5		3.0	0.3	1.0		0.9
Other ind.	83.7	9.7	14.8	21.2	10.0	35.9	26.1	14.5	9.9	64.5	66.8	54.3		48.6
Gds Mag	0.1	0.5	0.7	0.8	0.9	0.7	0.7		0.1	2.3	3.9			2.1
VPC		0.1					0.0		0.2	2.1	4.3			1.6
Phar.			1.2				0.3				0.3	99.1		8.5
Retail	99.3	89.1	97.0	96.0	93.3	92.4	94.2	41.4	22.9	94.1	90.6	99.1	55.3	77.6
Prest.	0.1	0.3	0.8	0.2	0.3	0.2	0.3	47.3		0.4	0.1	0.9	43.9	14.9
Prod	0.2	7.8	0.5	2.9	4.8	5.6	3.9	9.3	8.7	4.7	6.3		0.8	5.8
Whole	0.3	2.8	1.7	0.9	1.6	1.8	1.6	2.1		0.7	3.0			1.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Sources: INSEE, Le Commerce en 198*, various issues. Author's computations.

Table 7. The largest retail firms, 1979 and 1988

	Whole retail		Food retail	
	1979	1988	1979	1988
Auchan	1.2	2.2	2.7	4.0
Carrefour	2.7	6.3	6.2	11.6
Casino	1.7	2.3	4.0	4.3
Cora	0.8	1.6	1.5	3.0
Docks de France	1.6	1.6	3.9	3.0
Euromarche	1.4	[a]	3.3	[a]
Intermarche	--	5.9	--	9.3
Lecierc	--	5.4	--	10.1
Promodes	1.1	2.8	2.7	5.1
Systeme U	--	2.0	--	3.8
Concentration coefficients				
Four largest [b]		19.5		36.1
Ten largest	10.5	29.2	24.7	54.2

Source: Libre Service Actualites, various issues.
Author's computations.

Notes: (a) In 1988, Carrefour and Euromarche are aggregated.

[b] By type and by year.

Table 6.1. Labor structure in the French retail industry

	Food non-specialized			Food specialized	Non-food non-specialized			Textile Apparel Leather	Home goods	Phar- macies	Other durable goods	Miscel- laneous goods	Whole retail industry	
	Total	Super- markets	Hyper- markets		Inde- pendants	Total	Depart. stores							Mail order
Total employment ('000)														
1976	392531	92127	107160	63332	256613	65302	59737	12965	255664	201613	94639	138929	121179	1537276
1975	290696	106021	103118	63081	262916	76704	53645	12991	272213	210304	92799	143414	123191	1572332
1980	400591	93246	135515	66077	251525	75274	50582	12619	285161	220624	95048	139723	127290	1595396
1981	407013	99413	150265	63303	260866	74737	45988	11510	280952	228023	104642	143988	133948	1634255
1982	406722	103400	156325	55694	260284	76253	47335	11357	281259	220558	106934	141499	132667	1626776
1983	409676	110436	161416	51097	237682	73032	41526	12101	273663	220601	100300	137095	130655	1582702
1984	409973	108573	172096	51070	257356	67690	44116	12201	264727	203893	105664	130425	126002	1564750
1985	413632	112789	175651	50285	255340	67407	41868	12425	267357	199658	111168	129734	121336	1565685
1986	420091	126011	178449	49076	250639	66375	36949	12769	256901	206356	116195	127085	121886	1565226
1987	425115	133316	182736	46750	246067	62903	35314	13010	260016	226089	116345	123121	128468	1588744
1988	431748	149071	178863	49332	232395	60667	33294	13564	272152	230323	117955	134495	128598	1608273
Annual growth rates of total employment (%)														
1979	2.2	29.1	-3.8	-0.4	2.4	-10.7	-9.9	0.2	6.5	4.2	-1.9	3.2	1.7	2.3
1980	2.5	-12.0	31.2	4.7	-4.3	-1.7	-5.2	-2.9	4.8	4.9	2.4	-2.6	3.3	1.5
1981	1.6	6.6	11.1	-4.2	3.7	-0.8	-9.8	-8.8	-1.5	3.4	10.1	3.1	5.2	2.4
1982	-0.1	4.0	4.4	-12.0	-0.2	2.8	2.9	-1.3	0.1	-3.3	2.2	-1.7	-1.0	-0.5
1983	0.7	6.8	2.9	-8.3	-8.7	-5.0	-12.3	6.6	-2.7	0.0	-6.2	-3.1	-1.5	-2.7
1984	-0.2	-1.7	7.2	-0.1	8.3	-7.3	6.2	0.8	-3.3	-7.6	5.4	-4.9	-3.6	-1.1
1985	1.2	3.9	1.5	-0.5	-0.9	-0.4	-5.1	1.8	1.0	-2.1	5.2	-0.5	-3.7	0.1
1986	1.5	13.5	1.6	-3.4	-1.8	-2.0	-11.7	1.3	-3.9	3.4	4.5	-2.0	0.5	-0.0
1987	1.2	4.1	2.4	-4.7	-1.9	-4.8	-4.4	1.9	1.2	9.6	0.6	-3.1	5.4	1.5
1988	1.5	11.8	-2.1	5.5	-5.6	-3.7	-5.7	4.3	4.7	1.9	0.9	9.2	0.1	1.2
avg	1.2	6.6	5.6	-2.3	-0.9	-3.4	-5.5	0.5	0.7	1.4	2.3	-0.2	0.6	0.5
Wage earners with respect to total employment (%)														
1978	84.8	96.8	95.5	34.7	53.7	98.2	100.0	99.6	64.2	75.3	75.5	67.2	52.7	71.0
1979	87.0	98.9	97.6	34.4	53.5	98.4	100.0	99.9	64.7	76.0	75.7	68.1	54.0	71.7
1980	86.4	98.9	97.8	31.4	53.8	98.1	100.0	99.9	65.1	74.9	76.3	67.9	54.4	71.7
1981	86.5	99.0	97.9	35.9	55.7	98.1	100.0	99.9	67.1	75.8	76.2	66.4	53.9	72.7
1982	89.7	99.0	98.9	38.3	55.7	98.0	100.0	99.9	67.8	75.7	77.0	66.7	56.9	73.5
1983	89.9	99.2	96.8	33.6	55.8	98.1	100.0	98.1	67.5	77.1	77.5	69.0	56.1	74.1
1984	89.9	99.5	98.9	31.5	55.8	97.7	100.0	99.8	67.9	76.1	77.2	69.0	56.7	73.9
1985	90.6	99.5	99.4	32.7	54.4	97.5	100.0	99.5	67.0	75.6	76.0	67.4	55.8	73.5
1986	90.9	99.4	100.0	31.7	56.0	95.8	100.0	99.4	66.1	77.5	78.8	67.4	54.0	74.0
1987	91.2	99.5	100.0	30.3	56.2	97.4	100.0	99.6	67.4	80.1	78.4	66.6	56.1	74.5
1988	91.2	99.5	100.0	32.7	56.0	97.7	100.0	99.4	68.9	80.7	78.3	67.9	57.6	75.5
Part-time wage earners with respect to total employment (%)														
1978	11.2	11.5	14.3	11.9	16.4	12.6	15.7	1.5	15.8	13.5	27.2	14.6	13.9	14.7
1979	14.2	12.9	21.0	11.6	16.7	13.1	16.0	3.7	15.1	12.6	26.7	14.1	13.4	15.2
1980	15.2	11.5	21.2	13.4	18.5	15.0	17.6	4.5	17.6	15.1	26.4	16.4	14.3	16.8
1981	15.4	10.5	22.3	11.8	19.6	14.0	17.9	5.1	16.7	16.2	25.5	15.5	14.3	16.9
1982	17.4	12.3	24.0	14.3	20.2	17.7	22.1	5.7	16.2	17.5	26.5	15.1	15.6	17.9
1983	17.7	12.0	24.3	15.1	18.8	16.5	22.6	6.4	16.9	21.1	30.0	17.6	15.2	18.9
1984	19.5	15.1	24.0	11.1	19.5	18.5	23.2	7.8	18.3	29.7	30.8	16.0	15.8	19.2
1985	19.0	17.8	23.5	12.4	18.0	18.6	21.5	10.2	18.5	18.7	32.5	16.7	15.1	19.1
1986	20.2	16.6	25.1	11.8	17.3	20.3	24.2	13.6	18.3	20.2	32.7	16.2	14.6	19.6
1987	21.2	18.0	25.9	11.6	17.6	20.2	24.9	15.2	17.9	20.5	33.3	15.3	16.3	20.0
1988	23.4	22.4	28.7	11.7	19.2	20.0	24.0	16.2	18.9	20.7	32.4	17.0	16.4	21.1

Sources: INSEE, Enquete annuelle d'entreprise dans le commerce, various issues. Author's computations.

Table B.2. Labor structure in the French wholesale industry

	Wholesale				Intermediaries					Whole- sale and interme- diaries	
	food industry	inter- industry	non- food	total	"centrales"			other intermed.			total inter- med.
					total	food	non-food	total	textile		
Total employment ('000)											
1978	309112	346243	257679	913034	12917	4631	8266	40820	3052	53737	966771
1979	314138	365184	275712	955032	13019	7246	5773	52057	2974	65076	1020108
1980	296089	368574	268768	933431	11692	6855	4637	47247	4243	58939	994368
1981	291921	363395	261095	916401	12352	6680	5672	46702	3387	59054	975455
1982	297498	364153	263944	925595	12717	6650	6067	46171	3673	58888	984483
1983	290678	359455	261461	910594	15983	8422	7561	43256	2996	59239	969833
1984	292701	362675	257595	912971	17029	10558	6471	40194	2741	57223	970194
1985	275505	355417	259352	890274	17106	11158	5946	40413	3814	57519	946792
1986	264962	356991	259795	881638	18494	12919	5575	42959	3663	61453	943091
1987	266559	366780	260928	894267	19003	13078	5925	47108	3829	66111	960378
1988	264702	382858	272733	921293	21127	14310	6817	58417	4223	74544	995837
Annual growth rates of total employment (%)											
1979	1.6	5.5	7.0	4.6	0.8	56.5	-30.3	27.5	-2.6	21.1	5.5
1980	-5.1	0.9	-2.5	-2.1	-10.2	-5.4	-16.2	-9.2	42.7	-9.4	-2.5
1981	-2.1	-1.4	-2.9	-2.0	5.6	-2.6	17.3	-1.2	-20.2	0.2	-1.9
1982	1.9	0.2	1.1	1.0	3.0	-0.4	7.0	-1.1	8.4	-0.3	0.9
1983	-2.3	-1.6	-0.9	-1.6	25.7	26.6	24.6	-6.3	-18.4	0.6	-1.5
1984	0.7	1.2	-1.5	0.3	6.5	25.4	-14.4	-7.1	-8.5	-3.4	0.0
1985	-5.9	-2.0	0.2	-2.6	0.5	5.7	-8.1	0.5	39.1	0.5	-2.4
1986	-3.8	0.4	0.6	-0.9	8.1	15.8	-6.3	6.3	-4.0	6.8	-0.4
1987	0.6	2.8	0.4	1.4	2.8	1.2	6.3	9.7	4.5	7.6	1.8
1988	-0.7	4.4	4.9	3.0	11.2	9.4	15.1	13.4	10.3	12.8	3.7
avg	-1.5	1.0	0.6	0.1	5.4	13.2	-0.5	3.3	5.1	3.6	0.3
Wage earners with respect to total employment (%)											
1978	89.6	96.0	96.1	93.9	82.8	98.9	73.9	78.4	86.3	79.4	93.1
1979	90.6	96.4	96.3	94.5	90.1	98.6	79.4	77.4	78.2	80.0	93.5
1980	91.1	96.3	96.2	94.6	92.4	97.5	85.2	75.3	76.4	78.7	93.7
1981	91.6	96.2	96.2	94.7	94.0	98.9	88.3	74.2	72.7	78.3	93.7
1982	91.4	96.3	96.2	94.7	97.9	98.5	97.2	73.8	74.8	79.0	93.7
1983	91.6	95.9	95.7	94.5	98.7	98.6	98.8	73.0	70.0	79.9	93.6
1984	92.4	96.9	96.4	95.3	98.2	98.2	98.2	72.8	82.9	80.4	94.5
1985	92.5	96.9	96.8	95.5	97.5	98.5	95.5	69.7	78.3	77.2	94.4
1986	93.2	96.9	96.7	95.7	98.1	97.9	98.4	69.2	60.6	77.9	94.6
1987	93.3	97.0	96.1	95.6	96.0	98.5	96.8	70.4	70.8	78.4	94.4
1988	92.8	97.2	95.8	95.5	99.0	99.2	98.6	70.1	66.2	78.3	94.2
Part-time wage earners with respect to total employment (%)											
1978	7.6	3.9	5.1	5.5	3.2	3.3	3.7	10.6	12.1	8.9	5.7
1979	7.7	4.1	5.2	5.6	2.5	1.4	4.5	12.9	9.2	10.8	5.9
1980	6.4	4.3	5.4	5.9	3.8	2.1	5.7	13.4	12.7	11.4	6.2
1981	7.5	4.7	5.7	5.9	3.6	3.4	3.8	12.7	10.1	10.8	6.2
1982	7.9	4.6	6.8	6.3	3.2	3.3	4.2	10.4	13.2	8.9	6.4
1983	8.1	4.4	6.3	6.1	3.0	2.1	4.0	10.4	15.7	8.4	6.3
1984	8.5	5.0	7.3	6.7	4.2	3.4	5.4	9.4	10.0	7.9	6.8
1985	8.9	4.6	7.6	6.8	5.3	5.4	5.3	9.7	10.3	6.4	6.9
1986	8.2	4.8	7.0	6.5	4.1	3.7	5.0	9.2	9.5	7.7	6.6
1987	8.6	4.9	6.9	6.6	4.1	4.1	4.0	9.2	11.1	7.7	6.7
1988	6.2	5.0	7.2	6.6	5.0	5.3	4.5	10.0	14.3	6.6	5.7

Sources: INSEE, Enquete annuelle d'entreprise dans le commerce, various issues. Author's computations.

Table 9.1. Capital intensity in the French retail industry

	Food non-specialized				Food special- ized	Non-food non-specialized			Textile Apparel Leather	Home goods	Phar- macies	Other durable goods	Miscel- laneous goods	Whole retail industry
	Total	Super- markets	Hyper- markets	Inde- pendants		Total	Depart. stores	Mail order						
Average wage per wage earner (constant '000 FFR-1985)														
1978	70.9	72.9	75.0	45.7	54.9	74.2	72.1	84.7	60.6	75.9	60.4	68.1	60.9	66.7
1979	72.4	73.0	75.5	45.7	56.1	75.0	77.6	82.5	62.2	77.5	62.6	70.8	61.8	66.5
1980	71.7	72.7	77.7	41.7	53.8	79.8	80.1	84.6	61.8	76.5	64.3	69.4	63.2	68.1
1981	70.8	72.0	74.2	49.6	53.8	79.0	80.8	83.9	63.2	73.2	65.3	69.9	63.7	67.5
1982	71.7	71.8	76.5	46.0	52.9	78.7	78.7	86.7	64.5	74.9	66.2	72.2	66.6	68.5
1983	73.3	73.6	77.5	46.3	55.5	79.0	77.7	88.1	63.1	72.4	65.8	74.5	65.8	69.4
1984	72.8	71.0	76.1	48.8	55.7	81.8	82.2	85.3	65.4	72.9	65.3	72.9	66.8	69.1
1985	72.9	70.6	77.6	41.9	56.9	80.6	79.2	89.8	66.9	73.8	65.3	75.1	66.0	69.8
1986	73.3	71.8	77.3	52.9	60.0	85.1	85.0	93.6	68.7	73.5	65.9	76.5	70.6	71.2
1987	73.8	71.9	78.8	50.3	60.8	84.8	83.3	90.8	71.1	75.4	65.2	77.7	69.3	72.0
1988	74.5	70.5	81.3	49.5	59.1	85.9	86.4	91.9	69.9	76.9	68.2	79.5	69.0	72.6
Annual growth rate: average wage per wage earner														
1979	2.2	0.2	6.0	-0.0	2.3	5.2	7.6	-2.6	2.6	2.1	3.7	3.9	1.4	2.6
1980	-1.0	-0.4	-2.3	-8.9	-4.0	2.2	3.3	2.5	-0.6	-1.2	2.7	-1.9	2.3	-0.6
1981	-1.2	-1.0	-4.6	18.9	-0.0	-1.0	0.8	-0.8	2.3	-4.3	1.5	0.7	0.7	-0.8
1982	1.3	-0.2	3.2	-7.2	-1.7	-0.4	-2.5	3.3	2.0	2.4	1.4	3.2	4.7	1.4
1983	2.2	2.5	1.3	0.6	4.8	0.4	-1.2	-0.1	2.5	-3.4	-0.5	3.2	-1.2	1.4
1984	-0.7	-3.6	-1.8	5.6	0.4	3.6	5.7	-1.5	-1.0	0.7	-0.8	-2.1	1.6	-0.4
1985	0.1	-0.5	2.2	-14.2	2.2	-1.5	-3.6	5.3	2.2	1.3	-0.1	3.1	-1.3	1.0
1986	0.6	1.7	-0.6	26.2	5.4	5.5	7.3	4.2	2.7	-0.4	0.9	1.8	7.0	2.0
1987	0.7	0.1	2.0	-4.8	1.4	-0.4	-2.0	-3.2	3.5	2.5	-1.1	1.6	-1.8	1.2
1988	0.8	-2.0	3.1	-1.6	-2.9	1.3	3.6	1.5	-1.7	2.1	4.6	2.4	-0.4	0.8
avg	0.5	-0.3	0.9	1.5	0.8	1.5	1.9	0.9	1.5	0.2	1.2	1.6	1.3	0.9
Capital-labor ratio (constant '000 FFR-1985 per worker)														
1978	18.0	21.2	22.6	8.6	13.8	13.2	13.3	15.9	11.7	13.9	29.4	18.1	16.6	16.0
1979	18.0	21.7	24.4	8.5	15.1	14.3	13.3	16.3	14.1	12.5	22.9	16.7	17.0	16.0
1980	20.1	22.2	27.9	23.3	13.3	11.3	8.5	14.8	12.5	12.8	23.4	14.7	14.4	15.5
1981	20.7	21.8	29.2	7.8	14.9	13.0	7.9	22.9	10.4	11.6	25.0	18.5	12.4	15.7
1982	19.6	21.7	26.9	7.5	12.9	15.3	7.6	46.2	10.6	10.7	21.0	14.4	12.1	14.6
1983	19.4	24.2	21.6	9.1	12.6	11.2	11.2	11.3	11.1	10.2	25.0	11.3	14.3	14.5
1984	17.7	23.5	19.1	6.3	10.2	11.5	11.1	11.1	7.6	9.1	10.5	9.6	11.0	11.6
1985	17.3	20.6	20.0	6.9	10.6	15.9	16.3	12.9	9.0	10.4	7.4	10.9	10.0	12.1
1986	21.4	20.3	27.0	10.0	12.0	17.4	13.9	11.9	10.5	12.7	11.2	13.1	11.8	14.7
1987	23.4	22.9	29.1	9.3	12.8	20.0	18.7	16.2	12.3	14.5	12.0	14.6	11.7	16.1
1988	27.2	24.7	37.8	8.5	13.5	20.1	26.0	13.7	13.1	17.0	12.8	15.6	13.9	18.0
Annual growth rate: capital-labor ratio														
1979	-0.1	2.1	7.8	-1.6	9.1	6.3	8.2	2.5	20.7	-9.6	-22.3	-7.8	2.5	-0.2
1980	12.2	2.6	14.4	174.7	-11.5	-20.9	-36.0	-8.9	-11.1	2.6	2.4	-12.1	-15.6	-3.2
1981	3.0	-2.1	4.8	-66.5	11.7	15.0	-6.7	121.3	-16.9	-9.8	6.8	26.4	-13.7	1.7
1982	-5.5	-0.2	-7.7	-3.4	-13.2	17.6	-4.0	40.5	2.1	-7.6	-16.0	-22.2	-2.4	-7.4
1983	-1.2	11.4	-19.9	20.5	-2.8	-26.6	48.0	-75.4	4.9	-5.0	19.0	-21.9	18.0	-0.2
1984	-8.9	-2.9	-11.5	-30.2	-19.1	2.5	-1.5	-2.2	-31.6	-10.5	-57.9	-14.6	-22.9	-20.1
1985	-1.8	-12.4	4.7	8.8	3.7	29.2	47.5	16.7	18.5	14.5	-29.8	12.9	-9.2	4.1
1986	23.5	-1.6	35.0	44.2	13.3	9.0	15.8	-8.3	16.6	31.4	51.3	20.3	17.7	21.7
1987	9.5	13.3	7.7	-7.0	6.8	15.4	-0.9	36.1	16.9	6.0	6.9	11.7	-0.3	9.0
1988	16.0	7.7	29.7	-7.6	5.7	0.5	38.5	-15.2	6.2	17.0	6.4	7.1	18.4	12.2
avg	4.7	1.8	6.5	13.2	0.4	5.9	10.9	10.7	2.6	2.9	-3.3	-0.0	-0.7	1.8

Sources: INSEE, Enquete annuelle d'entreprise dans le commerce, various issues. Author's computations.

Table 9.2. Capital intensity in the French wholesale industry

	Wholesale				Intermediaries					Wholesale and Intermediaries	
	food	inter-industry	non-food	total	"centrales"			other intermed.			total inter-med.
					total	food	non-food	total	textile		
Average wage per wage earner (constant '000 FFR-1985)											
1978	86.8	102.2	106.4	97.1	105.1	101.0	115.2	122.0	100.8	118.8	98.1
1979	88.4	102.9	102.4	98.6	108.7	111.2	104.6	121.3	93.6	118.5	99.7
1980	87.9	106.0	101.4	95.1	107.3	108.7	105.0	112.1	107.1	116.3	100.0
1981	89.5	106.8	100.6	99.7	107.3	99.0	118.3	120.9	108.8	117.5	100.6
1982	89.8	105.0	100.5	100.2	107.0	98.8	116.0	126.6	91.9	121.4	101.3
1983	92.0	109.6	101.3	101.7	102.2	90.5	115.1	124.8	99.3	117.3	102.6
1984	91.7	105.3	100.7	101.4	102.9	97.1	115.0	136.3	141.8	120.7	102.3
1985	94.4	111.7	110.2	105.1	106.8	99.9	126.0	137.5	127.5	126.8	107.1
1986	97.7	114.7	108.8	107.4	107.5	98.4	128.5	140.3	161.2	127.8	108.5
1987	99.0	118.5	107.8	105.7	110.1	99.3	134.4	136.4	153.9	127.0	110.7
1988	99.7	119.7	110.6	111.4	106.2	96.4	126.9	131.9	148.6	122.7	112.1
Annual growth rate: average wage per wage earner											
1979	1.8	0.7	1.9	1.5	-0.4	10.1	-9.0	-0.6	-7.2	-0.3	1.5
1980	-0.5	2.0	-0.9	0.5	-1.3	-2.2	0.2	-1.8	14.4	-1.8	0.3
1981	1.8	0.8	-0.8	0.6	-0.0	-9.0	12.6	1.5	1.6	1.0	0.6
1982	0.4	1.1	-0.1	0.5	-0.3	-0.2	-1.9	4.8	-15.5	3.3	0.7
1983	2.4	1.5	0.8	1.5	-4.5	-8.4	-0.8	-1.4	8.0	-3.4	1.3
1984	-0.3	-0.3	-0.6	-0.4	1.7	7.3	-0.1	4.4	42.8	2.9	-0.2
1985	3.0	2.2	9.5	4.7	4.7	2.9	9.6	5.5	-10.0	5.0	4.7
1986	3.4	2.7	-3.2	1.2	-1.2	-1.5	1.9	2.0	26.4	0.9	1.3
1987	1.3	3.3	0.9	2.2	2.4	0.9	4.6	-2.7	-4.6	-0.7	2.0
1988	0.8	1.0	2.6	1.6	-3.5	-2.9	-5.6	-3.3	-3.3	-3.3	1.3
avg	1.4	1.5	1.0	1.4	-0.2	-0.3	1.2	0.8	5.3	0.4	1.3
Capital-labor ratio (constant '000 FFR-1985 per worker)											
1978	22.2	18.7	12.6	18.1	10.7	17.1	7.2	8.1	2.9	8.7	17.6
1979	24.6	24.3	14.0	21.4	12.5	10.2	15.3	14.4	4.7	14.0	21.0
1980	24.9	21.6	13.4	20.3	14.3	13.6	15.4	9.0	4.4	10.1	19.7
1981	24.3	19.4	12.5	19.0	17.2	19.7	14.3	12.0	7.2	13.1	18.6
1982	28.1	22.7	11.9	21.4	25.5	32.7	17.6	9.5	6.9	13.0	20.9
1983	26.1	21.6	11.9	20.3	24.2	32.0	15.6	10.0	9.9	13.9	19.9
1984	26.2	25.2	12.3	21.9	18.2	22.8	16.6	8.4	8.8	11.3	21.3
1985	26.8	24.5	13.4	22.0	25.2	30.2	15.9	11.6	14.0	15.6	21.6
1986	29.6	23.4	15.2	22.8	22.6	22.9	22.6	11.5	9.1	14.9	22.3
1987	27.4	24.3	14.7	22.4	27.0	29.8	20.9	11.5	13.6	16.0	22.0
1988	27.0	25.3	16.2	23.1	22.3	35.9	24.8	12.3	8.5	18.0	22.7
Annual growth rate: capital-labor ratio											
1979	11.0	30.2	11.2	18.2	16.1	-40.4	113.5	77.6	60.7	60.2	19.0
1980	1.2	-11.2	-3.9	-5.3	14.8	32.6	0.9	-37.2	-5.6	-27.9	-6.0
1981	-2.3	-10.2	-6.9	-6.4	20.3	45.6	-7.7	32.6	63.3	29.7	-5.3
1982	15.5	16.9	-4.7	12.3	48.2	66.0	23.6	-20.4	-4.4	-0.7	11.8
1983	-7.0	-4.5	0.1	-5.0	-5.2	-2.3	-11.8	5.3	42.6	6.8	-4.6
1984	0.3	16.4	3.3	7.9	-24.9	-28.6	-31.8	-15.9	-10.8	-18.2	6.9
1985	2.1	-3.0	8.4	0.3	38.9	32.4	50.3	37.3	59.5	38.0	1.4
1986	10.6	-4.2	13.3	4.1	-9.7	-24.2	41.7	-0.9	-35.4	-4.9	3.5
1987	-7.5	3.7	-2.9	-1.9	18.4	30.0	-7.5	0.3	50.6	7.3	-1.6
1988	-1.4	4.2	9.9	3.0	19.8	20.7	18.7	6.9	-37.6	12.7	3.3
avg	2.3	3.8	2.6	2.7	13.7	13.2	19.0	8.6	18.3	10.3	2.8

Sources: INSEE, Enquete annuelle d'entreprise dans le commerce, various issues. Author's computations.

Table 10. Investment flows in the distribution, 1988-1990

	Dis-investments			New investments		
	1988	1989	1990	1988	1989	1990
French investments to the Rest of the world						
Total (FFR million)						
Total	405	439	377	3084	3748	7312
Breakdown by distributor (%)						
Wholesale	73.8	90.4	79.6	69.8	66.9	70.0
food	41.5	11.2	33.4	11.3	20.5	18.5
non food	13.8	49.2	15.9	49.8	20.8	17.4
industrial	18.5	30.1	30.2	8.7	25.6	34.1
Intermediaries	13.3	6.4	7.7	3.1	7.9	5.1
Retail	12.8	3.2	12.7	27.1	25.2	24.9
super-hyper	6.4			17.2	17.6	13.7
other food	0.2			0.1	0.1	6.7
non spec.	1.5			3.0	2.7	1.6
specialized	4.7	3.2	6.4	6.8	4.8	2.9
Breakdown by destination (%)						
Eur. Community	36.8	58.8	60.7	41.6	62.0	59.1
Western Europe	4.0	12.3	9.8	6.5	8.3	4.8
Eastern Europe			-0.3	0.0	0.1	0.5
America	42.2	21.0	15.4	42.5	26.8	31.9
Rest World	17.0	8.0	14.3	9.3	2.9	3.8
Foreign investments in the French distribution						
Total (FFR million)						
Total	4497	6501	9897	2017	2044	1697
Breakdown by distributor (%)						
Wholesale	77.7	83.8	91.3	82.2	68.9	70.0
food	6.1	18.6	5.9	31.8	5.3	16.4
non food	38.3	21.9	38.5	20.2	21.2	19.9
industrial	33.3	43.4	46.9	30.1	42.4	33.6
Intermediaries	5.5	6.4	3.4	2.7	2.3	6.1
Retail	16.8	9.7	5.3	15.1	28.7	23.9
super-hyper		0.0	0.2		0.0	1.3
other food	0.2	0.1	0.2	0.1	0.1	0.4
non spec.	0.1		0.1	1.4	0.4	0.1
specialized	16.5	9.6	4.8	13.5	28.2	22.2
Breakdown by destination (%)						
Eur. Community	61.4	57.5	60.6	52.4	67.9	55.5
Western Europe	16.4	6.0	6.2	20.4	21.0	26.2
Eastern Europe	1.5	0.2	0.0	0.1	0.1	0.1
America	9.9	27.7	24.5	24.7	7.0	14.8
Rest World	10.8	8.5	8.7	2.3	4.0	3.5

Source: INSEE, Les comptes du commerce en 1990, 1991.
Author's computations.

Table 11. The ten French most global distributors, 1990

Firms	Main types of activities	Turnover in (a)		Share of foreign turnover (X)
		France	Foreign	
La Redoute	Mail order	8928	4807	35.0
Carrefour	Hyper-super	52215	23633	31.2
Proxadès	Hyper-super (b)	40236	17541	30.4
Trois Suisses	Mail order	7600	1900	20.0
Auchan	Hyper-super	52000	12000	18.8
Andre	Shoe retail	6416	1222	16.0
Printemps	Depart. store	25200	4000	13.7
Docks de France	Hyper-super	22900	3500	13.3
Casino	Hyper-super	41800	3100	6.9
Rallye	Hyper-super	25500	1000	3.8
All firms		282795	72703	20.5

Source: Libre-Service Actualites (1251, page 55, 1991).

Notes: (a) In French francs, excluding taxes.

(b) Proxadès has major activities in wholesale. Figure for 1991 of foreign turnover will reach 50 percent of total turnover.

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